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# The COMMERCIAL & FINANCIAL CHRONICLE

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## OUR REPORTER'S REPORT

Now it begins to look as though underwriters who had been pointing their efforts toward participation in the many potential public utility-municipality deals, involving the sale of privately owned properties to cities around the country, may have overlooked one big element that may complicate things a bit.

**For a brief spell this week it appeared that the first such deal was well along toward successful conclusion between the City of San Antonio, Texas, and the American Light & Traction Company.**

With a banking group acting for the city, basis for the transfer of the properties of the San Antonio Public Service Company had been reached with an approximate overall price of $34,600,000 agreed upon as the price.

**A contract had been signed under which the city was to pay $10,000,000 for the 83,000 common shares of the utility. And plans had been worked out to finance the taking up of remaining debentures and mortgage bonds through the sale by the city of the necessary amount of revenue bonds.**

But out of the blue came a restraining action by the Guadalupe-Blanco River Authority, a Federal Power Agency, which claims a prior right to the private properties by constitutional mandate.

**Just where the whole matter will wind up now is problematical, but certainly the court action, which may lead to long litigation, throws into the future, financing contemplated by the city to carry through the deal.**

(Continued on page 177)

## Our Reporter On "Governments"

There's big money to be made in Government bonds today and there will be big money to be made over the coming months of spectacular Treasury borrowing. . . . Admittedly, that's a startling statement. . . . Admittedly, it may be unwise to begin a discussion of Government financing during this crucial war period with a comment on "profits to be made." . . . But the writer is going to brush aside the patriotism angle for the moment—taking for granted that either the investors of the nation recognize the importance of supporting the financing program by this time or heaven help our national economy!—and concentrate on the money to be made. . . . And how. . . .

**Let's start from the beginning. . . . The fact is that in recent months, the Treasury has removed all rigid restrictions on institutional subscriptions to new Government offering. . . . No longer are bank subscriptions automatically limited by the amount of capital they have. . . . No longer must individual subscribers show proof of their ability to pay for every bond they order. . . . Banks and insurance companies today can order as many bonds as they want—without worrying about "free riding" rules. . . . Individuals can place orders in any amount as long as they can put up a 10% deposit. . . . In short, "free riding" is possible again—and no holds are barred except those placed voluntarily by the buyer or implied by statements from official sources. . . .**

### ANALYZING "FREE RIDING"

You know what free riding is, of course. . . . In all probability, you've played the market yourself for a quick turn during new issue periods in recent years. . . . Maybe you haven't sold your allotments before the payment date (and maybe that was because you received so few bonds on your order that you could take them up easily). . . . Maybe you've sold only after a few weeks of trading had passed. . . . But you've taken quick profits on new issues—and therefore, you are familiar with this type of operation. . . .

Starting a few years ago, Morgenthau became highly excited about free riding, decided to eliminate this class of Government security buyers by one regulation after the other. . . . When the war broke out, there were so many restrictions on subscriptions, selling allotments and operations by professionals and active traders that only the real investor or the giant buyer could count on a quick new issue profit. . . .

To follow this discussion, take out your blank covering the last issue of 2s of 1951/49 and read the regulations. . . . Notice the omission of any restrictions on subscriptions. . . . And now here's the point: the Treasury today wants subscriptions above all else. . . . Morgenthau is more interested in financing the war, less involved in reform. . . . He's actually encouraging free riding because at last he has awakened to the argument of dealers all along that among the so-called free riders are many individuals of considerable wealth (and thus importance to war financing projects) and that free riding doesn't hurt the market at all. . . . It gives it color and volume and an appearance of activity that helps the success of an issue if not badly abused. . . . And free riders don't abuse their privileges for their own profits are too closely tied in with a good market. . . .

(Continued on page 184)

## New Tax Bill Designed to Yield $6,144,000,000 In Additional Revenue Reported By House Group

The House Ways and Means Committee on July 14 formally reported to the House its new tax bill designed to yield $6,144,000,000 in additional revenue. Approval came after rejection of an attempt to revise the proposed corporation tax increase. Although the new measure is the largest on record, it is still some $2,556,000,000 below Secretary of the Treasury Morgenthau's goal of $8,700,000,000. Of the $6,144,000,000 of additional revenue to be raised by the bill, nearly $5,386,000,000 is to be derived from corporate and individual taxpayers and about $758,000,000 from miscellaneous internal revenue taxes.

It is expected that the House will dispose of the measure by Monday (July 20) and then send the bill to the Senate Finance Committee for hearings.

The majority report of the Ways and Means Committee said that the group had "endeavored to secure every dollar of additional revenue which, in its opinion, the national economy can bear. In its effort toward this objective, however, care has been exercised in every instance not to place an unbearable burden upon any taxpayer. In this respect the additional burdens of the increased rates in existing taxes and of new taxes have been carefully examined."

A minority report was filed by Representative Knutson (Rep., Minn.) objecting to the corporation tax provisions and charging that the measure had been arrived at "through a series of trades and shameless log-rolling." He said that "in increasing the normal and surtaxes from 31% to 45%, the Committee, in the opinion of competent economists and business men, has signed the death warrant of thousands and thousands of small corporations who are injured rather than aided by the war."

The principle last-minute action tion by the Committee was taken on July 11 when it revised the corporation tax program. The group decided to reduce the excess profits tax from 94% to 87½% and, thereby, eliminate a proposed post-war credit of 14%, and to increase the normal and surtax rate from the present 31% to 45%. Previously the Committee had tentatively decided on an excess-profits tax of 94%, with the corporations entitled to a post-war refund of 14% of the excess-profits paid during the war, and to raise the present combined normal and surtax from 31% to 40%.

In addition, the House group eliminated a previously approved provision whereby corporations could have modified their excess profits base earning period to make allowances for an abnormally bad business year. It was estimated that these changes added $1,078,000,000 to the bill's yield.

The Committee on July 11 also reaffirmed its previous decision to start collection of individual income taxes through payroll deductions of 5% of taxable net income, beginning Jan. 1, with the amount credited against 1943 taxes, due in 1944. It is reported that the withholding rate would rise to 10% in 1944.

At a night session on July 10 the House group adopted a motion to add 1% to the new surtax rates previously decided upon. The graduated scale of surtax rates

(Continued on page 174)

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## Denver Bond Club & IBA Group To Frolic

DENVER, COLO.—The Investment Bankers Association together with the Denver Bond Club will hold their Annual Frolic on Friday, August 7, at the Cherry Hills Country Club.

Events will include golf, tennis, horse shoes, a bicycle race, skeeter shooting, etc. In addition, there will be plenty of free beer, and dinner will be served in the evening. There will be the usual number of prizes, the majority of which will consist of war bonds.

Elmer Longwell of Brown, Schlessman, Owen & Company, is Chairman of the Entertainment Committee, and will be assisted by Earl Scanlan of Earle M. Scanlan & Company, and Phil Clark of Amos C. Sudler & Company.

## Pollack & Higgins F. T. Sutton Partners

Rudolph A. Pollack and Arthur E. Higgins have been admitted to partnership with Frederick T. Sutton in F. T. Sutton & Co., 67 Wall Street, New York City. Mr. Pollack has been associated with the Sutton firm for many years. Mr. Higgins in the past was with Burr & Co. and Bond & Goodwin and was in the securities business for himself.

## S. A. O'Brien Joins J. K. Rice, Jr. Co.

J. K. Rice, Jr. & Co., 120 Broadway, New York City, announces that S. A. O'Brien, specialist in securities of the Associated Gas and Electric System is now associated with them. Mr. O'Brien for a number of years operated his own firm in Wall Street and recently was in the trading department of Edward A. Purcell & Co.

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## Bull Market May Be In Offing

Further extension of the recovery movement during the past week found its principal impetus in the rather substantial seasonal mid-year reinvestment demand.

To a very large extent such demand centered in the hedge type inflation issues — as we surmised it would — although it was sufficiently broad to subsequently embrace practically the entire list.

Developments are beginning to shape, in our opinion, where a still more powerful demand may, in the not too distant future, begin to manifest itself in a more aggressive spirit and we believe that investors should continue to prepare for such an eventuality. Interruptions in the forward movement are bound to be experienced from time to time but these, in our opinion, should continue to afford suitable buying opportunities.

**Political Considerations**

Politics are likely to be the dominating influence in shaping the course of events during coming months.

The elections this fall—the first during the war—while not involving the Presidential office are obviously of first rate importance.

Decisions of far reaching significance probably have been or will be made with due regard to the political situation in its broader aspects, involving not only the conduct of the war but also price control, wages, taxes deficit financing, inflation, etc. It therefore behooves the investor to give some thought to prospective developments in these and other fields, for events will surely have a vital bearing on investment sentiment.

**War**

In the first place, consider the military situation — in retrospect as well as in prospect.

It seemed like cold logic, to us at least, to reason that war news for about the first six months would be bad marketwise — we pointed out on numerous occasions herein that in the last war the news was bad for about nine months—but this time we were somewhat better prepared.

However, despite continuing defeats in China, in Egypt, in Libya, and in Crimea, the market for the past month or two has advanced along a broad front — in other words military reverses have been considered, marketwise at least, of minor importance. Obviously the market's attention is being focused on the main war strategy, namely, the development of a major Western offensive against Germany. Could it be that the time for such an offensive is ripe this summer or fall—before elections? Such a development could have a very important bearing on the political situation.

What, we might ask, would be the market's response to the sudden announcement—and it will be sudden—of an Allied invasion of Western Europe? Surely a market that can advance in the face of discouraging military reverses should be expected to give a good account of itself under more propitious conditions.

**Inflation**

Next, consider developments in the domestic situation.

Price ceilings are being punctured one by one; farm prices have soared on the prospect of 100% parity loans; living costs are rising; further wage increases seem almost certain (the latest proposal is that wage increases be paid in war bonds), and most potent of all implications is the prospect of a sharply expanding supply of cash as a result of huge deficit financing (Jesse Jones last week said the American people will have over $30,000,000,000 more income than the value of things for which the money can be spent—think of that and the implications!!)

Certainly some degree of pre-election inflation seems inevitable in the light of political considerations. Inflationary sentiment during coming months seems bound to increase and to be reflected in expanding demand for inflation hedge type equities. Of course the danger of any run-away price inflation during war-time is relatively small—the real danger is in the after-the-war period, when the public will be so fed up with Government interference with respect to price control, rationing, priorities, etc., that it will demand its fling.

**Taxes**

Now consider the tax situation. This is in about as much of a mess as price control and the gas and rubber situations. Congress has played with the tax bill for months, and corporations don't know even at this late date what their tax liability amounts to. The Treasury has proposed about the most drastic bill imaginable, and the House has concurred with some exceptions. Clearly about the worst is known with respect to corporate taxes—this is probably not true as regards individual income taxes—the worst won't be known until after election.

Despite the major tax uncertainties still existing, the market has continued to advance over the past month or so. What might happen marketwise, we would ask, if the Senate (which is noted for its conservatism in tax matters) should really afford relief to corporations from "excessive" excess profits taxes. The proposed 14% tax refund would mean all the difference in the world to a lot of companies—it would mean for instance about $6.80 per share to Clark Equipment, about $2.80 to Jones & Laughlin, about $4.50 to Spicer, about $5.65 to United Aircraft, about $2.40 to Yellow Truck, etc. Such a development would certainly encourage dividend liberality on the part of corporate managements — and a renewed demand for stocks.

**What It Takes**

Now note the internal position of the market.

Last April we commented upon the tight technical position prevailing at that time. The situation has not changed to any appreciable degree in the meantime. As a matter of fact, the figures released during the past week showed that the short position was virtually unchanged from what it was early in April.

As previously pointed out, the size of the short interest in a market is significant only when viewed in relation to the volume of dealings. A short interest of the present size (514,100 shares—early last April it was 513,500) is one thing when trading is running around, say, 1,000,000 shares daily, but it is something else when volume is around 500,000 shares and less. Clearly the advance has not been at the expense of the "shorts."

All that we are trying to say in all of the foregoing is that the present situation has what it takes to develop a genuine bull market.

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## Schram Chairman Of British War Aid Group

Emil Schram, President of the New York Stock Exchange, has accepted chairmanship of a committee for special gifts in Wall Street for the Commerce and Industry Division of the British War Relief Society, according to announcement by Winthrop W. Aldrich, Chairman of the Commerce and Industry Division.

The goal of the 1942 campaign of the Commerce and Industry Division is the raising of $2,500,000. The campaign is national in scope but highly selective as to prospective contributors. It is set up according to business and industrial classifications rather than geographical areas. The primary approach will be to corporations and firms; there will be no direct employee solicitation.

The Commerce and Industry Division has already approached a total of $500,000 since the inception of the campaign on June 1.

## Townsend, Dabney Co. Adds Carney, Mellen

BOSTON, MASS. — Charles R. Carney and James H. Mellen, both formerly associated for a number of years with Jackson & Curtis, Mr. Carney as manager of the stock department, have joined the staff of Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges. In the past Mr. Carney was in charge of the Boston office of Watson & White. Mr. Mellen is a lecturer at the Boston Public Library under the auspices of the State Department of Education and is a member of the faculty of the Boston University School of Business Administration as consultant lecturer.

## Albert Tweedy To Be Wainwright Partner

BOSTON, MASS. — Albert W. Tweedy will become a partner in H. C. Wainwright & Co., 60 State Street, members of the New York and Boston Stock Exchanges and other national exchanges, on July 21. Mr. Tweedy was formerly Boston manager for Smith, Barney & Co., and prior thereto was in charge of the investment department of the local office of Edward B. Smith & Co. In the past he was an officer of the Guaranty Company of New York.

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## Perth Killinger With Wm. J. Mericka & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Perth K. Killinger has joined the staff of Wm. J. Mericka & Co., Inc., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. Killinger was formerly Cleveland manager for Eaton & Co., Inc., was with T. H. Jones & Co., and prior thereto was a partner in Killinger & Fangboner and Gillis, Wood & Co.

## Elvyn Cowgill With Eastland, Douglass

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Elvyn S. Cowgill has become associated with Eastland, Douglass & Co., 317 Montgomery Street, members of the San Francisco Stock Exchange. Cr. Cowgill was previously vice president of Franklin Wulff & Co., Inc.

## $8.5 Billion Navy Bill Signed By President

President Roosevelt signed on July 9 the $8,500,000,000 naval construction bill designed to add 1,900,000 tons of combat ships to the Nation's fleet. The measure, which places emphasis on aircraft carriers instead of battleships, provides for the construction of 500,000 tons of aircraft carriers, 500,000 tons of cruisers, 900,000 tons of destroyers and escort vessels and some 800 small patrol boats.

Senate passage of the measure on June 26 was referred to in these columns of July 9, page 108.

## To Be Snedeker & Co.

The firm of Snedeker & Co., 61 Broadway, New York City, has been formed effective today, with Charles V. Snedeker, member of the New York Stock Exchange, as general partner and Edward De Bard as limited partner. The name of the firm was previously reported as Snedeker & De Bard.

## Savs.-Loan League For War Damage Insurance

As War Damage Insurance became a reality the first week in July, the United States Savings and Loan League, whose member institutions are financing some 2,000,000 American homes, sought through its officers to get the fullest possible coverage against war risk among these savings and loan borrowers. In a special "Management Bulletin" to 3,700 savings, building and loan associations, Morton Bodfish, Executive Vice-President of the League, said that most managers and directors of these home financing institutions would probably "insistently and strongly recommend war damage coverage," after full discussion. Satisfaction was expressed at the procedure which has been followed in Washington to date. Meanwhile, Fermor S. Cannon, President of the League, has advised officials of the War Damage Insurance Corporation that the savings, building and loan associations will undertake the job of informing all home owners whose loans are with them in full detail about the insurance and that the general tendency of the institutions would be to require or at least strongly recommend it. Recommendations about the new insurance will be that the associations seriously consider covering all properties to which they hold title as well as all on which they hold mortgages.

## Ernest Coulon Joins J. W. Sparks & Co.

Ernest J. Coulon has become associated with J. W. Sparks & Co., 50 Broadway, New York City, members of the New York Stock Exchange. The firm has offices in New York and Philadelphia.

Mr. Coulon was formerly with Elder & Co., and prior thereto was a partner in Coulon, Fuller & Co.

## H. W. Walton Joins Ky. Title Trust Co.

LOUISVILLE, KY.—Harold W. Walton has been appointed a member of the investment staff of the Kentucky Title Trust Company, it is announced. Mr. Walter had been since 1929 a partner in J. J. B. Hilliard & Son from which he recently resigned.

## F. C. Adams Co. Adds Elmer Carr To Staff

(Special to The Financial Chronicle)

BOSTON, MASS. — Elmer J. Carr has become affiliated with Frederick C. Adams & Co., 24 Federal Street. Mr. Carr was formerly a partner in Carr & Hennessy of Boston for many years.

## Bailie Joins Sincere

(Special to The Financial Chronicle)

DAVENPORT, IOWA — Arthur R. Bailie has joined the staff of Sincere & Co., 231 South La Salle Street, Chicago, Ill., members of the New York and Chicago Stock Exchanges. Mr. Bailie was previously Davenport manager for McGuire, Welch & Co. and in the past was an officer of A. J. Boldt & Co.

## Alexander Bryson To Be Wright Wood Trading Mgr.

PHILADELPHIA, PA. — Alexander Bryson has become associated with Wright, Wood & Co., 123 South Broad Street, members of the Philadelphia Stock Exchange, as manager of the trading department. Mr. Bryson was previously for a number of years in charge of trading in the local office of Blyth & Co., Inc.

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# THE BOND SELECTOR

## WARREN BROTHERS COMPANY

### Description of the New Collateral Trust 4½s, 1956; Sinking Fund Provisions Reviewed

The Reorganization Plan of Warren Brothers Company was discussed in detail in these columns on April 30, 1942. At the present writing, the Plan has been assented to by the requisite number of bondholders and owners of the three classes of preferred; for full approval, the Court now awaits the assent of the common stockholders. Since it is felt that the Plan as outlined in the Bond Selector on April 30 will be accepted, and approved by the Court, a more detailed description of the new bonds to be issued—and more particularly the 4½s, 1956 — will probably be of general interest.

The new bonds to be issued under the Reorganization Plan are $4,150,300 Series A Collateral Trust 4½s, 1956, and $4,150,300 Series B Collateral Trust Income 5s, 1977. Both issues are secured collaterally (and equally) by like principal amounts of Cuban bonds. For each $1,000 of Series A and B bonds there is pledged an equivalent face amount of Republic of Cuba external 4½s, 1955 and 4½s, 1977, the total face amount of both issues amounting to $8,300,600. In addition, both bonds are secured by deposit of various capital shares of wholly-owned, controlled or associated companies. Under the Reorganization Plan, both Series A and B bonds may be exchanged for a like principal amount of the Cuban bonds; however, the company need not exchange more than $1,500,000 the first year, $500,000 the second year, and $250,000 each year thereafter.

The new Collateral Trust Series A 4½s, 1956, carry important sinking fund provisions. This sinking fund provides that each year 25% of the preceding year's net income, as defined, be paid toward retirement of the 4½s. Such net income is to be calculated after deducting (a) an amount equal to 5% of Series B bonds outstanding at the end of such period; (b) interest accumulated and unpaid at the beginning of such period on Series B bonds, and (c) Federal income and excess profits taxes for the preceding calendar year.

The sinking fund also provides that within three months from date of consummation of the Reorganization Plan, the company shall sell all Republic of Cuba 4½s, 1955 and 1977, owned which are not pledged under the collateral trust indenture in excess of the amount required for exchange. Proceeds from such sale of Cuban bonds is to be paid into the sinking fund. Sinking fund also is entitled to cash arising from dividends paid on pledged stocks which has not been paid out of net income subsequent to July 31, 1941, and to any cash arising from liquidation of assets, etc. All money in the sinking fund is to be applied to purchase in the market of Series A bonds at not exceeding par and accrued interest; or by call for redemption at par plus accrued interest. After all Series A bonds are retired, the same sinking fund provisions will apply to the Collateral Trust Income 5s.

In other words, the Series A bonds will be retired by the sinking fund out of funds arising from 25% of net income as described above, plus funds arising out of disposition of Cuban bond holdings in excess of those securing the Collateral Trust bonds, plus miscellaneous cash realized from sale of various other assets not required in running the business.

As a footnote to the balance sheet at Dec. 31, 1941, it was stated that $268,966 of cash on hand was earmarked for payment into the sinking fund upon consummation of the Reorganization Plan. Of this amount, $195,815 represented interest received by Warren Brothers on its Cuban bonds; this amount is to be applied toward interest requirements of the Series A and B bonds. The balance, or $73,151, represents proceeds of liquidation of certain assets, and is payable to the sinking fund for retirement of Series A bonds. In addition, at the present time, approximately $100,000 is available for sinking fund operations, and includes the 25% of 1941 net income allocable for sinking fund. Upon consummation of the Plan, as outlined above, Cuban bonds owned in excess of those pledged are to be sold. It is conservatively estimated that at least $500,000 cash will be available for purchase of Series A bonds by the sinking fund during 1942.

As stated in the Bond Selector of April 30, earnings outlook for Warren Brothers is good, promising ample coverage for the new bonds. This factor coupled with the liberal sinking fund provisions, warrant an optimistic attitude toward the 4½s, 1956.

## Now Stewart, Scanlon Co.

SAN FRANCISCO, CALIF. — The San Francisco Stock Exchange firm of Stewart, Scanlon & Co. has been formed as successor to Stewart, Rice & Ducato. Partners of the new firm, which will continue at 216 Montgomery Street, are Paul F. Stewart, Neil L. Laughlin, and Robert S. Scanlon, member of the San Francisco Stock Exchange. All were formerly partners in Stewart, Rice & Ducato.

## Chicago, South Bend & South Shore Attractive

An interesting analysis of the current situation in Chicago, South Shore & South Bend Railroad has been prepared for distribution by Adams & Co., 231 South La Salle Street, from whom copies my be obtained upon request.

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## Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on July 6 that the tenders for $300,000,000, or thereabouts, of 91-day Treasury bills to be dated July 15 and to mature Oct. 14, which were offered on July 10, were opened on July 13 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $650,704,000; total accepted, $301,186,000.

Range of accepted bids (excepting two tenders totaling $45,000):

High — 99.920 equivalent rate approximately 0.316%.

Low—99.906 equivalent rate approximately 0.372%. Average price—99.908 equivalent rate approximately 0.365%.

(6% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on July 15 in amount of $150,073,000.

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## W. W. Sims Now With Sills, Troxell Firm

(Special to The Financial Chronicle)

CHICAGO, ILL.—William Walter Sims has become associated with Sills, Troxell & Minton, 209 South La Salle Street. Mr. Sims was formerly vice-president of Webber, Darch & Co. with which he had been connected for many years.

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## Chicago, South Shore & South Bend Railroad

### New Common Stock Has Good Earning Power And Liberal Dividend Rate

The Chicago, South Shore & South Bend Railroad operates an electric interurban road from Chicago to South Bend, Indiana, a distance of about 90 miles covering the large industrial area southeast of Chicago. Among the communities served, the largest are Hammond, East Chicago, Gary, Michigan City and South Bend, Ind. In addition to its regular passenger traffic, the road during the past several years, has done a substantial amount of freight business which is handled with standard railroad freight equipment. The road has an operating agreement with the Illinois Central for passenger train service to downtown Chicago, as well as freight service to and from the South Water Street freight station of the Illinois Central. Motor coach service is rendered between Michigan City, Ind., and Benton Harbor, Mich., by a wholly-owned subsidiary.

The company owns 68.98 miles of first main line track, 13.87 miles of second main line track and 31.54 miles of sidings, etc. In addition, it operates 19.45 miles of track under lease and has trackage rights over 28.61 miles. According to the latest available information, the company's equipment comprises the following: 51 all-steel passenger motor cars, 13 all-steel trailer cars, 2 diners, 2 parlor-buffet cars, 12 80-ton electric freight locomotive cars, 2 50-ton electric freight locomotive cars, 53 freight cars, 10 cabooses, 1 motor service car and 9 trailer service cars.

Early in 1942 the company notified the stockholders that a plan of recapitalization was being considered, and an application was filed with the Interstate Commerce Commission for authority to put the plan into operation. The plan provides that the Articles of Incorporation be amended to provide for one class of common capital stock to be outstanding in the amount of 77,904 shares, each having a par value of $50.

The basis of exchange for the old outstanding capital stock is as follows: The 43,043 shares of the old First Preferred Stock outstanding, 42,598 shares or almost all of which were owned by Midland Utilities, became converted into 58,428 shares of new Common Stock of the par value of $50 on the basis of 1.357 plus shares of new Common Stock for each share of old First Preferred. The 19,476 shares of old Second Preferred, 4,566 shares of which were

(Continued on page 179)

## Lee Ostrander Joins Graham, Parsons Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Lee H. Ostrander has become associated with Graham, Parsons & Co., members of the New York Stock Exchange, and will be in charge of their newly opened Chicago office at 135 South La Salle Street. Mr. Ostrander was previously local manager for Lazard Freres & Co. Prior thereto he was with R. W. Pressprich & Co., White, Weld & Co., and the Chase Harris Forbes Corporation.

## Paul H. Davis Co. Opens Office In Rockford

CHICAGO, ILL.—Paul H. Davis & Co., members of the New York Stock Exchange and other exchanges, have opened a Rockford, Illinois, office today under the direction of Carroll H. Starr, who managed the office of Merrill Lynch, Pierce, Fenner & Beane in that city before it was closed. Quarters have been taken at 230 South Church Street. This will be the second branch office opened by Paul H. Davis & Co., the first being in Indianapolis which has been in operation for several years.

Mr. Starr's association with Paul H. Davis & Co. was previously reported in the Chronicle of June 25.

# PERSONNEL ITEMS

*If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.*

NEW YORK, N. Y.—**Arthur J. Fitzgerald, Gilbert J. Gordon, Osborne Hansen, H. Jerome Lamude, R. Stanley Murray** and **Bertram T. Tobiason,** all formerly associated with Hood & Co., have joined the staff of **Cohu & Torrey,** 1 Wall Street.

BOSTON, MASS.—**Lawrence M. Eaton** and **Jesse H. Holt,** previously associated with J. M. Colburn & Co., are with **Emerson & Co.,** 19 Congress Street.

BOSTON, MASS.—**Morgan Seaman** is now manager for **Clyde F. Frost Co.,** 24 Federal Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Owen Grant** has become affiliated with **J. H. Goddard & Co.,** 85 Devonshire Street. Mr. Grant was formerly with Hare's, Ltd., John C. Adams & Co., and A. C. Allyn & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Eugene J. Carson** has become associated with **Slayton & Co.,** 111 North Fourth Street, St. Louis, Mo. Mr. Carson was previously with Straus Securities Co. and W. G. Houston & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **William M. Colman** has joined the staff of **H. C. Speer & Sons Co.,** 135 South La Salle Street. Mr. Colman was formerly with White-Phillips Co., Inc., Alexander & Co., Inc., Kneeland & Co., Inc., and John Nuveen & Co.

MUNICIPAL
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PUBLIC UTILITY
AND INDUSTRIAL
SECURITIES

THOMPSON ROSS
SECURITIES CO.
Incorporated
CHICAGO

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Harry W. A. Heinrich** is now connected with **Borton & Borton, Inc.,** Union Commerce Building. Mr. Heinrich was in the past with Goodbody & Co., Soucy, Swartswelter & Co., and Clinton Gilbert & Co.

(Special to The Financial Chronicle)

COLUMBUS, OHIO — **Howard Ellis,** formerly with Vercoe & Co. and Fenner & Beane, has become affiliated with **J. S. Bache & Co.,** 16 East Broad Street.

(Special to The Financial Chronicle)

MODESTO, CALIF.—**Lloyd G. Goodin** is now with **H. R. Baker & Co.,** Beaty Building.

(Special to The Financial Chronicle)

TOLEDO, OHIO — **Hoyt B. Mahon, Jr.,** has become associated with **First Cleveland Corporation,** Home Bank Building. Mr. Mahon was formerly with Bliss Bowman & Co.

## In The Armed Forces

Jack S. Garland, formerly Birmingham Manager for Equitable Securities Corporation, First National Building, Birmingham, Ala., is now on war duty.

Willis S. Fitch, Vice-President of F. L. Putnam & Co., Inc., 77 Franklin St., Boston, Mass., is on indefinite leave of absence and is serving as a Major in the U. S. Army Air Corps.

J. R. Burkholder, III, Mississippi representative of Equitable Securities Corporation, Whitney Bank Building, New Orleans, La., is on war duty.

Sidney J. Mohr, Jr., has received a commission in the U. S. Army Air Corps and has retired from partnership in King, Mohr & Hendrix, First National Building, Birmingham, Ala. The firm will continue in business with James R. Hendrix as sole proprietor.

Guy D. Marianette of Midwest-Grains-Securities, Stapleton Building, Billings, Mont., is serving in the U. S. Army.

John W. Easton and Thomas B. Berentsen are on leave of absence for the duration from Ingalls & Snyder, 100 Broadway, New York City, in which they are partners. Easton is serving as a Major in the Army and Berentsen as a Lieutenant in the Navy.

Ormsby MacKnight Mitchel, Jr. of Mitchel, Whitmer, Watts & Co., 14 Wall St., New York City, is serving with the U. S. Naval Reserve.

C. Fred Richards, 52 Wall St., New York City, is on duty with the U. S. Navy.

Herbert Scheftel, 32 East 57th St., New York City, is in the armed forces.

Willard D. Litt, a limited partner in W. R. K. Taylor & Co., 120 Broadway, New York City, is on war duty.

W. Thorburn Rand, of Rand & Co., 1 Wall St., New York City, is serving in the U. S. Army.

John Strawbridge, Jr., formerly Manager of the Municipal Department for Biddle, Whelen & Co., 1606 Walnut St., Philadelphia, Pa., is serving in the U. S. Army.

H. Frazier Sheffer, previously manager of the municipal department of E. W. Clark & Co., Locust at 16th Street, Philadelphia, Pa., is with the U. S. Army.

Paul H. Aves, 1916 Norfolk St., Houston, Texas, has discontinued his securities business for the duration and is now serving in the U. S. Army.

John L. Walton, formerly proprietor of J. L. Walton & Co., Bellingham, Wash., has been commissioned a Captain in the Field Artillery.

Warren L. Williams, a Vice-President of Murphey, Favre & Co., Spokane and Eastern Building, Spokane, Wash., is now in the armed forces.

J. Denny May, formerly proprietor of J. Denny May & Co., Wheeling, West Va., has been commissioned a Lieutenant in the U. S. Army Air Corps and is stationed at the Glades Hotel, Miami Beach, Fla.

Henry J. Borne, who formerly conducted his own investment business in Fond du Lac, Wis., National Exchange Bank Building, is now in the military service.

Harry A. Filder, Jr., formerly manager of the statistical department of Ellis & Co., Dixie Terminal Building, Cincinnati, Ohio, is now in the U. S. Army.

Alfred R. McBride, partner of Wright, Wood & Co., Philadelphia, Pa., is on war duty and at present is stationed at Camp Shelby, Miss.

Minton M. Clute, manager of the Detroit, Mich., office of Straus Securities Co., reported for duty at Camp Edwards, Mass., on June 30th. He will be commissioned as a Second Lieutenant with the United States Engineering Corps, Amphibian Detachment.

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# Tomorrow's Markets Walter Whyte Says——

**In making new high market position weakened. Reaction signals already appearing, though further strength with blue chips leading indicated. Reduction of short position bearish factor.**

*By WALTER WHYTE*

Well, the market is up again. Not only did it go up with a zip reminiscent of the days of 1929 but managed to do it on a sharp increase in trading volume as well.

* * *

It was last Thursday that prices reared up and let fly crossing the 108 figure in the Dow Industrial Averages. This was the first time it happened since last February.

* * *

So far the sideliners are still looking askance at this sudden outburst of speculative activity and asking themselves (and everybody else) "What's all the shooting about?" But if present signs mean anything, before we are many market days older, the teetering spectators will dive in with all their clothes on, and whee-ee, away we'll go. Anyway that is what everybody hopes.

* * *

Unfortunately security markets don't lend themselves to such delightful patterns. For in advancing last week and this, it has given up considerable of its technical ammunition. The short interest that at the beginning of this month reached 514,158 shares (SEC figures) has undoubtedly been reduced by the current rally. Of course new sellers may come in and re-inject more speculative blood to an up to now anemic market. But that's something that has to be seen.

* * *

No, as I see it the time is drawing close for either grabbing off a few profits or at least moving all stops ahead sharply. This does not mean that the market is going into an immediate tailspin. Nothing like that. There is still plenty of life left in the old dog. Yet, signals, that it would be foolish to ignore, are already beginning to fly on the horizon. These have nothing to do with news, domestic or foreign. They come from within the market itself.

* * *

When this column first began talking "up" market, the Dow Averages were about 103. Subsequently they rallied to about 106 and stopped. At this point I predicted a decline but said that any setback would stop at 102 or thereabouts. I did emphasize that any breaking of this figure would throw the market into reverse and followed it up by giving specific prices below which stocks recommended in this column should not be held. Subsequently the market did go off and two stocks in the list broke through their critical levels. But the lowest price reached by the Dow Averages was 101.96.

* * *

In the last two weeks prices started another advance exploding into a sharp rally, and crossing 108. A great many people attribute this rise to inflation fears but talk even about that old bugaboo inflation can't hold up a market against a weakened internal technical position. So the way the picture looks at this writing is something like this:

* * *

The market to go up some more, with individual stocks, particularly leaders like Steel, leading the parade, to about 111-113 in the Dow Averages. At that level increased offerings will level the price range. Talk, however, will be predominantly bullish, particularly by the board room habitues. But a subsequent reaction will carry the averages back to about 104-106. At this latter level the market will go back to sleep again and stay there for a month or so before starting off on the second leg of its advance. This new advance may carry to about 118-120.

* * *

The investor will argue (if he feels at all certain about the above) what's the sense in getting out if they're coming back? The speculator who knows that logic, no matter how erudite, has no place in the stock market, will either get out of his line, or at best, sell half.

* * *

You will note that in outlining the picture ahead I become quite certain. Allow me to hasten to explain that I'm not certain at all. I merely present the picture as it looks today. If everything else were stable I'd go out on a limb and say flatly that the market will do so and so.

* * *

But we have a war on our hands. And a Congress which seems to think its most important job is to get re-elected and is busy accumulating fodder for free franking privileges with which to impress the folks back home. This situation, added to a war which is still going badly for us, are poor foundations on which to build a rip-snorting bull market. So my considered advice is as follows:

* * *

To the trader: The market must not get under the last volume day. This means the lows of July 9 must hold.

(Continued on page 181)

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# RAILROAD SECURITIES

Western Pacific 1st 4s have been about the best acting among the reorganization rail bonds during the past week or so, with speculators and investors impressed with the basic traffic improvement and the possibility of highly constructive reorganization developments before the year-end. That the company's new-found prosperity does not stem entirely from the war economy and traffic dislocations, even though the company is one of the major war beneficiaries, seems amply demonstrated by the fact that the regeneration set in long before we were actively in the war. Revenues reached an all-time peak as early as 1940 and have pushed steadily higher ever since. The road was among the leaders in point of 1941 revenue gains and there are few, if any, Class I carriers that have displayed as wide year-to-year improvement in 1942 to date.

Two major factors have contributed to the dynamic change in the company's position in the industry through opening up new traffic sources. Construction of the Dotsero Cut-off by the affiliated Denver & Rio Grande Western Pacific an integral part of a new short transcontinental route. More important, was the construction in 1931 of an extension into Northern California to a connection with Great Northern. This latter line, in conjunction with Great Northern and Atchison, affords a new competing north-south coastal line, as well as opening up new traffic territory. In the years immediately following establishment of these new facilities they were of relatively little significance to Western Pacific as the line itself had been allowed to deteriorate to a condition of disrepair incompatible with the expeditious movement of any large volume of freight.

Following appointment of trustees, however, a comprehensive rehabilitation program was instituted. In recent years more than two-thirds of the mileage has been relaid with new rail averaging more than 100 ponds. This is unusually heavy for a railroad in the western territory. At the same time, Denver & Rio Grande Western has also completed a heavy improvement program, allowing greater utilization of these facilities in conjunction with through traffic. In addition to these physical developments, new industries have been established, and existing industries expanded, in the service area under the stimulus of the war demands. Many of these will remain as a permanent accretion to the road's economy after the war. In particular, the new construction of steel mill facilities at Provo, Utah, now under way, carries favorable long-term implications. The steel mills are on the lines of Denver & Rio Grande Western but Western Pacific expects to get a large proportion of the westward movement of finished goods.

The reorganization plan was remanded back to the ICC last fall by the Circuit Court of Appeals on the grounds that valuation data filed was not specific enough to allow determination of whether the terms were fair and equitable. This decision is being appealed to the Supreme Court and should be decided early in the fall session. If the plan is finally upheld as originally promulgated the Western Pacific bonds should be in line for a substantial interest payment shortly after approval. If the Circuit Court decision is upheld, and the case has to go back to the ICC for rehearing, it is almost certain that the 1st 5s will get materially better treatment than that originally proposed.

Under the original plan fixed interest debt was to be confined to equipment obligations and a small $10,000,000 1st Mortgage 4% issue allocated to a like amount of Trustees' Certificates. Holders of the old 1st 5s were to receive $400 in new Income 4½, $600 in 5% preferred and 4.67 shares of common. Since that date, however, the company has accumulated a large amount of cash ($6,000,000 is deposited under the Trustees' Certificates alone) and if reorganization proceedings are reopened it is believed likely that the Certificates will be paid off in cash. This would release $10,000,000 of new 1st 4s for allocation to the old 1st 5s, while still holding the capitalization within the original limits. On this basis the old 1st 5s might receive $200 in new 1st Mortgage fixed interest bonds even if the Commission is not willing to increase the capitalization in recognition of the fundamental improvement in the company's traffic and earnings position.

If the plan goes through as outlined this large cash balance will almost certainly be distributed to holders of the 1st 5s as interest and dividends earned and accrued on the securities they are allocated in the reorganiaztion. The effective date of the reorganization is Jan. 1, 1939 and income accrues on the new securities from that date. As of the end of 1942 there will be accumulations of $72 on each old bond on account of interest on the new income 4½s and at least $60 representing preferred dividend accruals. This will be equivalent to 48% of the recent selling price (29) of the bonds.

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## DIVIDEND NOTICES

**American Woolen COMPANY**
INCORPORATED
225 FOURTH AVE., NEW YORK, N.Y.

AT a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable August 12, 1942 to stockholders of record July 27, 1942. Transfer books will not close. Checks will be mailed.

F. S. CONNETT,
*Treasurer*

July 15, 1942.

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**HOMESTAKE MINING COMPANY**
**Dividend No. 855**

The Board of Directors has declared dividend No. 855 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable July 25, 1942 to stockholders of record 3:00 o'clock P. M., July 20, 1942.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, *Secretary.*

July 7, 1942.

# Bank and Insurance Stocks

## This Week — Bank Stocks

General improvement in New York City bank earnings is indicated for the second quarter of 1942 as compared with those for the first quarter of 1942, when threat of 31% surtax, since replaced by 16% surtax proposal, caused the setting up of large tax reserves which reduced net profits.

Of twenty-four leading banks reporting, fifteen show a gain in second quarter indicated earnings as compared with first quarter net. Another shows a large gain for the quarter, making sixteen but this bank (First National) keeps receipts on a cash basis although fully accruing liabilities, so that quarterly earnings are not comparable because of the influence of coupon dates on earnings from investments.

### Ins. Stocks Look Good

Brief but comprehensive analysis of the current situation in Merchants Fire Assurance Corporation, National Fire Insurance Company of Hartford, and St. Paul Fire & Marine Insurance Company have been prepared by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md. Copies of these interesting analyses may be had by writing to the Bank and Insurance Stocks Department of Mackubin, Legg & Co.

Three other banks' indicated earnings were even for the second quarter compared to the first. One of these was Guaranty Trust, which in the first quarter had credited all earnings in excess of dividends to the reserves, to provide for the threatened steep rise in surtax from 7% in 1941 to 31% as proposed by the Secretary of the Treasury on March 3. When the House Ways and Means Committee subsequently made the surtax 16% in its tax bill, confidence revived in maintenance of the Guaranty's regular $12 annual dividend, and this regular was declared for the second quarter. It was also thought that the relaxed necessity for larger tax reserves would now permit restoring some margin of net profits over dividends, and carrying some excess over dividends into undivided profits. This, however, was not done in the second quarter, indicating an extra-conservative policy, in view of the large undisclosed equity reserves which are understood to be carried, including a large amortization fund built up from security profits.

However, continued confidence in maintenance of the Guaranty regular dividend is justified under a 16% surtax. With a huge volume of war financing on the way, volume expansion in investments, even at low net returns after taxes, will create a large addition to gross earnings to offset rise in taxes and other operating costs. In thus expanding its holdings of Governments, Guaranty may lengthen its average of maturities, which at the close of 1941 was extremely short—about 2 years, 1 month, even excluding holdings of Treasury bills. Such lengthening of maturities would not only improve yield, but also reduce amortization charges. Such a short term average of maturities, in fact, has been understating Guaranty's reported earnings in comparison with those of other leading banks which keep higher average maturities without as a practical matter lowering high standard of liquidity. For example, a five year average of maturities is quite short and conservative. Yet Guaranty would have to double its year-end average to that point, and it would mean quite a difference in earnings when the fractional improvement in return is applied to the large volume of Governments carried.

Another leading bank, Irving Trust, again showed 16c a share for the second quarter, unchanged from the first quarter. Irving, however, had not reduced its first quarter earnings to reflect heavier taxes, as it has large equity reserves available, and it has been maintaining indicated profits at slightly over the quarterly dividend of 15c a share. Unchanged earnings, therefore, do not indicate any different situation in coverage of the 60c annual dividend.

Only two of the leading banks in fact showed lower second quarter earnings in comparison with the first quarter, and declines of these two were slight. On the whole, therefore, second quarter earnings made a generally favorable showing, although of course, the margins over dividends are still far from invulnerable. However, as largescale expansion of investments progresses, coverage of dividends will improve, as weight of heavier taxes is felt most immediately but will later be gradually offset by higher gross earnings.

In comparison with the second quarter of 1941, however, 1942 second quarter profits are generally lower, because of the relatively light volume expansion in earning assets and incidence of higher costs and taxes. Surprisingly enough, however, five of the leading banks show higher profits in the second quarter of 1942 compared to 1941 second quarter. Best of these gains is that of the National City Bank, whose 27% increase in second quarter profits over the first quarter of 1942 carried the quarter's profits to a point 17% above the second quarter of 1941.

The following tabulation compares indicated profits of 24 leading New York City banks for the first and second quarters:

| | 2nd Quarter 1942 | 2nd Quarter 1941 | 1st Quarter 1942 | 1st Quarter 1941 | Bk. Value 6/30/42 | Annual Divs. |
|---|---|---|---|---|---|---|
| Bankers Trust | $0.65 | $0.92 | $0.61 | $0.69 | $45.04 | $1.40Q |
| Bank of New York | 4.62 | 5.15 | 3.96 | 4.29 | 343.42 | 14.00Q |
| Bank of Manhattan | 0.33 | 0.32 | 0.30 | 0.25 | 23.96 | ¶0.90Q |
| Brooklyn Trust | 1.33 | 1.27 | 1.05 | 1.09 | 173.78 | 4.00SA |
| Central Hanover | 1.15 | 1.26 | 1.11 | 1.25 | 94.10 | 4.00Q |
| Chase National | 0.40 | 0.42 | 0.36 | 0.41 | 32.61 | 1.40SA |
| Chemical | 0.60 | 0.62 | 0.55 | 0.50 | 39.83 | 1.80Q |
| Commercial National | 3.28 | 3.04 | 2.84 | 3.38 | 232.03 | 8.00Q |
| Continental | 0.25 | 0.25 | 0.25 | 0.25 | 21.54 | 0.80Q |
| Corn Exchange | 0.75 | 0.79 | 0.73 | 0.62 | 47.57 | 2.40Q |
| *Oper. earnings | 0.82 | | 0.80 | | | |
| Empire Trust | 1.28 | 1.18 | 1.11 | 1.13 | 88.91 | 3.00Q |
| First National | 27.39 | 36.23 | 17.69 | 15.06 | 1,207.87 | 80.00Q |
| Fulton Trust | 2.32 | 2.45 | 2.27 | 3.00 | 247.28 | ¶8.50Q |
| Guaranty Trust | 3.00 | 3.41 | 3.00 | 3.32 | 310.52 | 12.00Q |
| Irving Trust | 0.16 | 0.17 | 0.16 | 0.17 | 20.87 | 0.60Q |
| Kings County | 27.45 | 32.40 | 26.27 | 30.76 | 1,462.81 | 80.00Q |
| Lawyers Trust | 0.15 | 0.76 | 1.01 | 0.55 | 50.75 | 1.00Q |
| Manufacturers Trust | 0.83 | 0.39 | 0.91 | 0.73 | 38.30 | 2.00Q |
| *Oper. earnings | 0.95 | 0.96 | 0.91 | 0.96 | | |
| †National City | 0.47 | 0.40 | 0.37 | 0.42 | 32.39 | 1.00SA |
| New York Trust | 1.23 | 1.31 | 1.26 | 1.30 | 82.50 | 3.50Q |
| Public National | 0.74 | 0.86 | 0.67 | 0.80 | 45.80 | ¶2.00Q |
| Sterling National | 0.16 | 0.24 | 0.23 | 0.30 | 67.33 | ---- |
| Underwriters Trust | ‡§1.52 | 1.35 | 1.02 | 4.48 | 202.73 | 4.00Q |
| U. S. Trust | 13.26 | 15.26 | 15.27 | 15.27 | 1,543.66 | ¶70.00Q |

*As reported by bank. †Including City Bank Farmers Trust Co. ‡Due to write-off of entire moving expense. §Deficit. ¶Includes extra.

# Last Week's Market Flare-Up

For a few days last week the stock market "broke out in a rash" and presented some evidence, albeit thin, of getting ready to climb to appreciably higher levels. Various and sundry reasons were advanced for the performance.

There was much talk of the inevitability of inflation. Here and there, true it was, price ceilings had been punctured; and Congress appeared reluctant to give scrappy, unpolitical-minded Leon Henderson the funds and the powers necessary to wage war on advancing prices. Our comments on these developments are three.

First, the ceiling changes were primarily in the food and canning fields; necessary concessions to stimulate larger packs by canners. For after all, pricing that was too "tight" was not conducive to large "packs" but this is a relatively narrow problem. In most sectors of our civilian economy larger production is unwanted, hence price-ceilings even if harsh are not inconsistent with the national welfare.

Second, we are firmly of the opinion that Henderson will get the powers and the funds essential to conducting a vigorous war on the price-front. Congress may keep him on the anxious seat and give ground grudgingly. But Gallup polls and other methods of measuring public sentiment all reflect the nation's desire to avoid inflation, and that Congress will ultimately fall in line with that sentiment we have no doubt.

Finally, if inflation psychology starts to take root it seems probable that the entire power and influence of the Administration will swing into line behind Mr. Henderson. Many of us can recall that in 1937 inflationary thinking and inflationary talk started to take hold, only to be immediately punctured by Washington; copper prices coming down as we recall it four to six cents a pound in as many weeks. Certainly if inflation comes to the forefront at this stage it requires little imagination to assume that Washington will announce that, regardless of apparent severity, taxes will be upped further, wages will be frozen, forced savings imposed and perhaps a substantial sales tax adopted; in short no measure overlooked to nip inflation if not in the bud then in the blossom, so it cannot seed and spread.

The stock market too was strong, it was said, because Russian and Egyptian news spelled out to many that the war will be a long one. Quite likely, but who knows? The ebb and flow of campaigns on all fronts will continue. Alternating buoyancy and discouragement will be our lot as long as the war lasts, and surprises will be as frequent and precipitate in the future as they have been in the past. Certainly the aggressive buying of equities, or the liquidation of high-grade bonds, will be postponed by the prudent investor until the successful end of the war is in sight. Until we approach that point investor-caution will continue to obtain and equities will not exceed 50% of a well-balanced, carefully thought-out investment list.

(One comment on the point that "properties" are to be more in demand than high-grade bonds. If this is correct, holders of high-grades seem singularly unalert, for top-rating bonds have shown no price weakness whatsoever.)

We continue to believe that share prices will continue to back and fill with neither a sweeping bull nor a real bear market developing while the world-wide war rages and spreads. No bull market unfolded during our participation in the last world war and we doubt that one will unfold during the present cataclysm.—*Ralph E. Samuel & Co.*

## John Beaver Dies

John Andrew Beaver, manager of the bond department of Ingalls & Snyder, 100 Broadway, New York City since 1926, died of a heart attack on July 12.

# House Committee Votes Huge Tax Bill

(Continued from first page)

now will range from 13% on the first $2,000 of personal net income to 82% on all income above $200,000. Present rates are from 6% to 77%.

The Committee, at this session, also decided to retain present personal exemptions for persons on active duty with the armed forces. These exemptions are $750 for single persons and $1,500 for married persons. For others, the Committee has lowered the exemptions to $500 and $1,200, respectively.

The House group on July 10 rejected the recommendation of Price Administrator Leon Henderson to eliminate a 5% ad valorem tax on freight and express charges. The Committee members agreed, however, that coal should be exempted from the percentage tax and a flat levy of 5 cents a ton be imposed. Mr. Henderson had written to the Committee warning that such a tax would seriously jeopardize the price control machinery.

Branding the tax as both "discriminatory" and "inflationary," Mr. Henderson said there was no doubt its imposition would result in a "very real breach in the ceiling of the cost of living."

Acting on the recommendation of Postmaster General Walker, the Ways and Means Committee on July 8 eliminated from the pending tax measure the previously-approved section to raise second and third class postage charges so as to make these services self-supporting. Mr. Walker urged instead that a thorough study of the effect of the new rates on the volume of postal business be made.

On the basis of a survey of House sentiment, undertaken by Representative Robinson (Dem., Va.), advocates of some form of sales tax did not press for a new vote in the Committee. The Committee had previously shelved such a proposal. It was estimated that a general sales tax would yield about $2,500,000,000 in additional revenues.

The final draft provides in general as follows, according to the Associated Press:

1. Corporations—increase in the present normal and surtax from 31 to 45% and substitution of a flat 87½% excess profits tax rate for the present scale ranging from 35 to 60%.
2. Individuals — increase the present normal tax rate from 4 to 6% and the present surtax graduated scale of 6% on the first $2,000 of net income to 13%. Beginning in January, 5% of each person's taxable income would be deducted from pay checks or pay envelopes, with the accumulations used as a credit against 1943 taxes due in 1944.
3. Excises—increase in excises on liquor, wine, beer, tobacco, cigars, train fares, telephone bills, freight and express shipments, race track bets.

Previous reference to the Committee's action appeared in these columns of July 2, page 17.

## 1941 Gross Farm Income 26% Higher Than In 1940

The Bureau of Agricultural Economics, U. S. Department of Agriculture, announced on June 29 that cash income from farm marketings in 1941, as revised to incorporate more complete data on sales of livestock and livestock products, amounted to $11,244,000,000, and cash income including Government payments for 1941 totaled $11,830,000,000. The 1940 estimate of cash farm income including Government payments is revised to $9,145,000,000. The advices indicate that gross farm income in 1941 is estimated at $13,957,000,000, or 26% more than in 1940. Both cash income and gross income in 1941 were higher than in any year since 1920 when cash income amounted to $12,608,000,000 and gross income totaled $15,908,000,000. From 1940 to 1941 most of the increase in gross income resulted from a rise in cash income from farm marketings. From the Bureau's report, the following is also taken:

"The value of products retained for home consumption increased from $1,233,000,000 in 1940 to $1,421,000,000 in 1941, or 15%. The increase in the value of home consumption resulted entirely from the higher prices of farm products, particularly hogs, dairy products, poultry and eggs as the quantity of several products was smaller than in 1940.

"The estimated rental value of the farm home was increased from $665,000,000 in 1940 to $706,000,000 in 1941.

"Gross farm income from crops in 1941 totaled $5,289,000,000 and was 33% higher than in 1940. The greatest percentage increased in income was in the oil-bearing crops, particularly soybeans and cottonseed, but substantial increases were recorded for nearly all major crops.

Gross income from livestock and livestock products in 1941 totaled 31% more than in 1940, and amounted to $7,376,000,000. The largest increase was in returns from hogs, although income from all livestock items was higher than a year earlier.

"Cash farm income and Government payments in 1941, plus the value of products consumed on farms where grown, was higher than the preceding year in all States except South Carolina, and in that State the decline was less than 1%.

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# The Securities Salesman's Corner

## Some People Think Securities Firms Are A Free Lunch Counter

Did you ever meet the particularly aggravating species of securities buyer who asks for a hundred dollars worth of service every time he leaves you a ten dollar commission? Every salesman, no doubt, has made this fellow's acquaintance. He is present in every brokerage firm's boardroom. He's the fellow who comes into your office and asks you to take up your time running down everything from defaulted and defunct securities that have long ago lost their value to checking up on numerous situations that he never buys. He's the fellow who costs you more than his business will ever be worth and yet in most cases the average salesman hangs on to him like grim death, for what sensible reason it's hard to discover, unless it's in the forlorn hope that someday this time-waster may send us some business that never seems to materialize.

If you go to a lawyer for advice, you are expected to pay a fee. No matter how the litigation turns out—you still pay. If you go to a doctor—you pay by the visit—and if you die you still pay—or rather, your heirs do. Consult an accountant, a public relations counsel, an engineering firm or any service organization you can mention and you are expected to pay for the advice you receive. Wall Street seems to be the only place on earth where the public can use all sorts of expensive statistical service and fact finding facilities, that cost in some cases, a small fortune to keep up, and still pay so little for it that in many cases those who use it never even appreciate what is being done for them.

One of the reforms that every one connected with the sale of securities to the general public could well put into effect, so it seems to this column, would be the elimination of many free services that we have encouraged the public to take for granted. This is one reform we could undertake without the dubious blessings of overseers, bureaucrats and governmental officials. We have had a buyers market for such a long time it seems as if there isn't anything that we would not do for people in order to get them to buy a few shares of stock or a bond or two. If everyone in the securities business got together and took it upon themselves to make the public pay a good price for the free service that they now think they are entitled to as a matter of course, it seems to us that such a step would benefit the securities business far more than many of the so-called reforms that are always being proposed to us and that do no one very much, if any good, and in addition, add to the expenses of doing business.

Some day when Wall Street once again regains its independence, and the people who are associated with the securities business finally stand upon their two feet and tell the rest of the country that they are not in business for their health, for the love of their fellowmen, or just to pay taxes and take abuse from any and all who wish to dish it out, but to make a profit the same as every other business in the country, then and only then, will the securities business be on the way to being on a paying basis in bad as well as good times.

As far as the individual salesman is concerned, in the opinion of this column, we would tell all our time-wasters, hangers-on around the office, report requesters, reorganization fact finders, and all the sundry collection of pests who continually ask for information and who do so little business that they are not worth the time it takes to service their account and that their business is not worth while and that they should take it somewhere else.

The peculiar thing about such an attitude is that in many cases these people will come back with their hat in the hand and will do what you tell them to do when you want them to do it. That's the way any good customer should act if they know what's good for them. If they won't do what you tell them then they need a new investment advisor. Patients don't argue with their Doctors; their Doctors don't allow it. No competent securities man should do less—and when we begin to take such an attitude in the securities business, that is the time when we will be accorded the respect that is given to other professions and other businesses of a semi-professional nature.

An ounce of independence at the right time is worth a ton of free service. Try it!

## SEC Reports On Building Equipment And Materials

The Securities and Exchange Commission has made public the 18th and 19th of a new series of industry reports of the Survey of American Listed Corporations. Report No. 18 covers corporations engaged primarily in the manufacture of building equipment and report No. 19 covers three industrial groups—the manufacture of building materials other than clay products and cement, the manufacture of clay produces and the manufacture of paints and varnishes. All of the corporations had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940.

With respect to report No. 18, covering 20 companies manufacturing building equipment, the SEC said:

"The combined sales reported by the group were $334,000,000 in 1940 compared with $298,000,000 in 1939. Net profit after all charges totaled $26,000,000 in 1940 and $20,000,000 in 1939, equivalent to 7.8% and 6.6% of sales, respectively. Total dividends paid out by these corporations were $16,000,000 in 1940 and $14,000,000 in 1939. The combined assets reported by the group totaled $371,000,000 at the end of 1940 compared with $372,000,000 at the end of 1939, while surplus increased from $66,000,000 at the end of 1939 to $77,000,000 at the end of 1940."

The Commission listed the following regarding report No. 19:

"For the 19 corporations manufacturing building materials other than clay products and cement the combined sales amounted to $389,000,000 in 1940 as compared with $335,000,000 in 1939. Net profit after all charges totaled $39,000,000 in 1940 against $32,000,000 in 1939, equivalent to 10 and 9.6% of sales, respectively. Total dividends paid out by these corporations were $25,000,000 in 1940 against $22,000,000 in 1939. The combined assets of the group totaled $433,000,000 at the end of 1940 compared with $405,000,000 at the end of 1939, while surplus increased from $137,000,000 at the end of 1939 to $150,000,000 at the end of 1940.

"For the 13 corporations manufacturing clay products combined sales amounted to $51,000,000 in 1940 as compared with $44,000,000 in 1939. Net profit after all charges totaled $3,700,000 in 1940 against $3,000,000 in 1939, equivalent to 7.3% and 6.9% of sales, respectively. Total dividends paid out by these corporations were $2,800,000 in 1940 against $2,000,000 in 1939. The combined assets of the group totaled $103,000,000 at the end of 1940 compared with $101,000,000 at the end of 1939, while surplus amounted to $20,000,000 at the end of both years.

"For the nine corporations manufacturing paints and varnishes combined sales amounted to $99,000,000 in 1940 as compared with $94,000,000 in 1939. Net profit after all charges totaled $3,900,000 in 1940 against $4,300,000 in 1939, equivalent to 4.0% and 4.6% of sales, respectively. Total dividends paid out by these corporations were $2,800,000 in 1940 against $1,800,000 in 1939. The combined assets of these enterprises were $75,000,000 at the end of both 1939 and 1940 with surplus unchanged at $28,000,000 at the end of both of these years."

## NYSE Short Interest Lower On June 30

The New York Stock Exchange announced on July 7 that the short interest existing as of the close of business on the June 30 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 514,158 shares, compared with 534,396 shares on May 29, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the June 30 settlement date, the total short interest in all odd-lot dealers' accounts was 52,059 shares, compared with 65,434 shares, on May 29.

The Exchange's announcement further said:

"Of the 1,242 individual stock issues listed on the Exchange on June 30, there were 24 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of June 30, exclusive of odd-lot dealers' short position, was 402, compared with 401 on May 29."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

| | |
|---|---|
| 1940— | |
| July 31 | 479,243 |
| Aug. 30 | 474,033 |
| Sept. 30 | 517,713 |
| Oct. 31 | 530,442 |
| Nov. 29 | 515,548 |
| Dec. 31 | 459,129 |
| 1941— | |
| Jan. 31 | 498,427 |
| Feb. 28 | 487,151 |
| Mar. 31 | 537,613 |
| Apr. 30 | 510,969 |
| May 29 | 496,892 |
| June 30 | 478,859 |
| July 31 | 487,169 |
| Aug. 29 | 470,002 |
| Sept. 30 | 486,912 |
| Oct. 31 | 444,745 |
| Nov. 28 | 453,244 |
| Dec. 31 | 349,154 |
| 1942— | |
| Jan. 31 | 460,577 |
| Feb. 27 | 489,223 |
| Mar. 31 | 513,546 |
| Apr. 30 | 530,636 |
| May 29 | 534,396 |
| June 30 | 514,158 |

## Air Transportation

The greatest revolutionary development out of World War II may be in the field of air transportation, according to "The Future of Air Transportation," a study prepared by Estabrook & Co., 15 State Street, Boston, Mass., members of the New York and Boston Stock Exchanges. "After the war," the study states, "the industry should enter a period of accelerated growth, and the post-war prospects of the shares of leading air transport companies should compare favorably with those of industrial stocks generally." Included in the story are brief descriptions of four of the major air lines, with a brief record of income statistics and per share data. Copies of the brochure may be had upon request from Estabrook & Co.

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# Investment Trusts

## Investment Company Briefs

*Keystone Custodian Funds, Inc.:*

Under the heading, "Highlights of Keystone's 10 Years," the July issue of the *"Keystone Investor"* devotes itself to a review of the development of the Keystone organization and the growth of the present series of 10 Keystone Funds.

This growth, which largely coincides with the growth of the open-end investment field, has been truly remarkable. Total assets of Keystone Custodian Funds as of the end of 1932 amounted to $358,000. Each year thereafter through 1936 steady growth was recorded, with the total assets of the Funds rising to $5,547,000 at market value as of Dec. 31, 1936. The following year (1937) witnessed the single interruption to the growth trend of Keystone's assets. This experience was attributable to the sharp decline in the market values of securities during the latter part of that year.

From 1938 through June 30, 1942, substantial gains were recorded each year in the total market value of Keystone's assets. As of June 30, 1942, these assets stood at a new peak of $33,286,000. This represents an almost 100-fold increase from the end of 1932.

* * *

*Manhattan Bond Fund, Inc.:*

In the July report to shareholders President Hugh W. Long discusses the July 15, 1942, distribution of 11 cents per share on the capital stock of the Fund. "Including this declaration," he states, "distributions for the calendar year 1942 to date total 38 cents. This total is made up of three quarterly 'Ordinary Distributions' of 11 cents each and two 'Extra - Ordinary Distributions' from net realized profits on sales of securities, aggregating 5 cents."

During the month of June, Brooklyn Union Gas Corp. Deb. 5s, 1950, were approved for purchase by the Board of Directors.

* * *

*National Securities & Research Corp.:*

The intermediate trend of stock prices which this sponsor discusses weekly in its bulletin, *"Investment Timing,"* is summed up as follows in the issue of July 9, 1942:

"Last Thursday we wrote: 'There are some signs of the beginning of deterioration of the market structure. This condition may be only temporary, but its present existence warrants caution by those on the long side of the market. Somewhat higher prices may, and probably will, be seen in the next few days, but the action of the market registers danger, and the downward movement could begin at any time.' The Dow-Jones Industrial Stock Average moved up sharply during the week, rising 1.61 points on Monday (July 6) and 2.18 points on Wednesday (July 8). The Average closed tonight (July 9) at 108.75—up 5.02 points since last Thursday's close. The Average may possibly rise somewhat further, but its upward movement has now been sufficient for us to take a somewhat stronger position than we did last Thursday; and, instead of merely suggesting caution, hazard the forecast that a downward movement is in the immediate offing, if not imminent. The indications tonight suggest that it may begin at any moment."

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The bulletin contains a careful analysis of the practice of making bond investments by "ratings" and concludes that this method has serious drawbacks. The conclusions are set forth in following terms:

"In recognizing the value of bond ratings in investment, it is also important to recognize their limitations, which are especially apparent from the price angle (embracing both appreciation and depreciation in principal). There appears a definite tendency for bonds, especially of other-than-highest grade, to have relatively high ratings when their prices are high and relatively low ratings when their prices are low.

"Thus a high rating (in a bond whose rating has been subject to change) may well represent neither expectation of higher prices or protection against decline; while the opposite may be true of a relatively low rating. It follows that the fact that ratings on medium and lesser-grade bonds—particularly railroad issues—are relatively low now at least points toward their being undervalued, and representing opportunity for price appreciation."

(Continued on page 183)

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# Municipal News & Notes

The lead article in last week's column pointed out that financial reports of many States throughout the country served notice that the close of their fiscal year periods found them in very good standing. We had prepared excerpts from various reports to bear out our findings and intended to present these news items as follow-ups to the main theme. Owing to the exigencies of make-up, it was necessary to delete all but a few of these condensed reports. Since that time, other rosy-hued financial statements have reached this desk, showing that expanding national income resulting from the war effort, have swelled State tax receipts. Much as we should like to, most of these reports cannot be given here because lack of space prohibits, but we have chosen a representative few which appear subsequently.

At this point, it should be again emphasized that the current picture may be fine but the future holds possibilities of sharply declining revenues for the States because of a drying up of some sources of revenue or unexpected emergency outlays. It behooves all governing bodies to proceed warily with the surplus funds now on hand.

## Oil Tax Revenues Seen Declining

With motor fuel consumption in the United States beginning to show the restrictive effects of rationing, revenues of the Federal, States and local governments from the petroleum industry are expected to show a substantial reduction this year from the record of $1,825,000,000 collected last year. State gasoline taxes alone approached the $1,000,000,000-mark in 1941. Cities, large and small, began to realize the possibilities of the parking meter several years ago, but revenue from this source from now on is expected to show a rapid decline. Gasoline and tire rationing, all told, will strike a severe blow at one of the most prolific sources of revenue our various governments have exploited, tax experts say.

**In each year since 1932, the tax bill of the petroleum industry, including Federal, State and local taxes of all kinds, has represented at least 10% of all revenues collected from taxes in the United States, according to an anaylsis by the American Petroleum Institute. In 1941, the petroleum tax bill was equivalent to 10.5% of all taxes collected during the year.**

## Sales Tax Revenue Reductions Seen

Price ceilings, stricter controls over instalment purchasing and lower production of civilian commodities are combining to effect a leveling-off in State sales taxes which recently have been at all-time high levels. Except for taxes on food and services, declines may be anticipated in the near future although total collections are not expected to fall below those of 1941, the Federation of Tax Administrators reports on the basis of analysis of collections in eight States.

There should be no general slump in tax receipts in the next several months, the study said, nothing that the existence of record merchandise inventories and the generally heavy reliance on food sales probably will offset in part restrictions on purchasing and the imposition of price controls. States taxing services are expected to continue to gain revenue from this source.

Totals covering the period from July 1, 1941, to May 1, 1942, showed taxable sales up 12% in North Carolina and Colorado, 17% in Michigan and Missouri, 22% in Kansas and Oklahoma, and 25% in Arizona and Illinois.

## Mayors Discuss Municipal Finance Problems

Fourteen mayors and the representatives of two others met with Mayor La Guardia in New York last Thursday as the financial board of the U. S. Conference of Mayors. They discussed the financial problems of cities throughout the country and appealed to the Federal Government for aid. The group made two principal requests. They were:

**1. "That the Federal Government, during the period of the war emergency, cause to be paid to municipal governments amounts fairly representative of the cost of services rendered by municipal governments to property in the local communities used for war purposes, whether owned or operated by or for the Federal Government or the government of any allied nation."**

**2. That the Federal Government desist from claiming tax exemption on war production plants in any city, financed by the Federal Government but operated by private corporations.**

The two chief requests were contained in resolutions prepared by a resolutions committee after the meeting ended. Another step taken, however, was to appoint a committee of Mayors to fight a Treasury Department proposal to make municipal securities taxable. They are now tax-exempt, with the result that cities can borrow money at lower interest rates.

At Mayor La Guardia's suggestion, the trustees authorized the United States Conference of Mayors to appropriate $100,000 for a study of municipal problems by a board of experts.

"There is not a city that is not on thin financial ice," Mayor La Guardia said.

## Federal, State and Local Officials Confer

Perhaps the Mayors mentioned above were unaware that a series of conferences has been going on recently, dealing with emergency fiscal problems, under the auspices of the Council of State Governments. Representatives of the Federal Budget Bureau, the Treasury, Congress, State budget and tax officials, members of State defense councils, and local government officials have attended these regional meetings, which were held in New York, Chicago, Memphis and Salt Lake City. Purpose of the meetings is the formulation of plans to harmonize Federal, State and local ideas for relieving fiscal problems induced by war conditions.

## State, Local Share of Relief Financing Varies

General relief financing, which has been entirely the responsibility of State and local governments for the past seven years, is still apportioned on bases varying widely from State to State, information from the Federation of Tax Administrators showed Monday.

In total, the State and local governments spent $337,000,000 for relief in the fiscal year 1941, more than 56% coming from State funds and less than 44% from local revenues, Social Security Board figures show.

**Current revenues of both the state and local governments provided most of the relief financed in 1941, in contrast with depression years, when almost 60% of state funds and 27% of local funds for this purpose were borrowed.**

FLORIDA

FLORIDA
MUNICIPAL BONDS

**Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.**

R. E. CRUMMER & COMPANY
INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

Most States and localities finance relief from general funds rather than from earmarked sources. Of the earmarked funds, the general sales tax is the commonest kind of revenue and liquor taxes rank next.

## Street and Highway Financing Discussed

Future financing of streets and highways in municipalities will depend on the property tax in even lesser degree than at present, Douglas Sutherland, Executive Secretary of The Civic Federation, Chicago, reports in a study of the street and highway financing problems of that city.

Outlining the change in concepts of street financing since the turn of the century, Mr. Sutherland noted that in "the very early days each property owner was responsible for maintenance of the road in front of his property." This concept led to the special tax and special assessment.

In the first decade of the century there was a recognition of the shift in street benefits from the property to the users of municipal thoroughfares. This was shown in Illinois by the passage of the so-called municipal wheel tax law.

With the construction of State highways, Mr. Sutherland pointed out, "motor traffic increased, and partly to encourage highway construction by the counties and partly in recognition of the increased highway demands thrown upon them by the growing motor traffic, some State aid was given them, at first from proceeds of the State bond issues (financed by motor vehicle license fees) and later by partial reimbursements direct from the motor fuel tax and motor vehicle license funds.

**Other factors in the reduction of the burden of municipal thoroughfares borne by property from the original 100% to its still substantial proportions have been the depreciation, rather than appreciation, of properties abutting on modern thoroughfares, particularly speed highways, and reluctance to use special assessments and bond issues for street purposes.**

## Airports Operated Jointly to Increase

Forty-two municipal airports in the United States are operated as point enterprises by 91 cities and counties, and 55 more probably will be established in the near future, a report to the International City Managers' Association showed.

With Federal aeronautics authorities declaring the number of airports must be doubled and the number of hangars tripled to meet defense and civilian requirements for facilities, the move for intermunicipal action on airports which began in the late 1920's may receive still greater impetus, the report said.

Most of the intermunicipal airport agreements are between one city and one county. Seven have been established by joint intercity action, and only four involve more than two municipalities. Twenty-two of the 42 existing joint ports are in communities below 10,000 population, and only two are in areas over 100,000.

Of the 54 additional joint airports proposed as of Sept. 1, 1941, 15 are city-county airports in Idaho, and 33 are joint intercity airports and one a city-county project in Texas. The other six proposed ports are in Tennessee.

## Connecticut General Income Rises

Connecticut general fund income derived from 18 principal tax sources for the fiscal year just ended indicated an increase of more than $6,000,000 over receipts of the previous period, according to the State Tax Commissioner.

Largest single tax receipt increases, reflecting the manner in which this State has gone all-out for war production during the past year, were those collected from corporations. Collections of revenue from this source the Commissioner said, almost doubled those made during the previous year, producing an increase of more than $5,000,000.

## Wis. Cities and Towns Cut Bond Debts

By following a strict pay-as-you-go plan in which "nest eggs" for public improvement play an important part, Wisconsin cities and towns are freeing themselves of debt at a rapid rate, the American Municipal Association reports.

Instead of financing such construction as bridges and sewage disposal plants by bonds, the municipalities accumulate improvement funds, figuring that while present interest rates on municipal bonds are low, bonds issued now may fall due in years when the taxpaying ability of citizens has lessened.

The total outstanding debt of municipalities in the State dropped from the high point of $92,820,717 at the end of 1931 to $56,205,111 at the end of 1940, last date for which figures are available, according to a report to the association from the League of Wisconsin Municipalities. Included in the total are figures for Milwaukee, which has been successful in reducing a $50,000,000 debt to $13,000,000 through an amortization plan set up in 1923.

**At least eighteen cities in the State are totally debt-free. In many other cities the outstanding debt is small and will be retired within a few years, according to the report.**

Milwaukee's indebtedness will not be wiped out entirely for approximately another ten years, but citizens will find reduced debt service charges in their tax bills in another year, when the amortization fund is expected to be large enough to carry debt, yearly principal and interest charges.

## California "In the Black"

For the first time in a decade California opened a new fiscal year July 1 with its State government books on the sunny side of the ledger.

Exactly how much of a surplus there is probably will not be known for at least ninety days, but state officials estimate it may amount to as high as $25,000,000.

Just a year ago the state had a cash deficiency of $61,732,985.

## Wisconsin Shows Record Fund Balance

Wisconsin opened the new fiscal year with a general fund balance of $31,493,665, highest in history, according to A. H. Pettigrew, financial secretary to Gov. Julius P. Heil. The total July 1, 1941, was $17,493,486. Mr. Pettigrew attributed the boost to greater revenue and less spending by the state.

## Oklahoma Announces Surplus

Oklahoma's long parade of deficits ended July 1—thanks to a budget balancing amendment—and a surplus of $5,476,693 was pocketed at the opening of a new fiscal year.

Under the amendment sponsored by Governor Leon C. Phillips and voted by the people on March 11, 1941, the surplus cannot be spent until the Legislature appropriates it.

## N. Caro. Ends Year With Large Surplus

North Carolina closed its fiscal year on June 30 with the record-shattering collection of $99,054,805.33 in all revenues and a general funds surplus that will exceed $17,000,000 in cold cash to cushion revenue declines indicated during the new fiscal year.

General fund collections rose to the unheard-of total of $57,297,966.82, a figure of $10,684,315.11 greater than the record-breaking collections of last year and $14,248,997.82 beyond the most extravagant estimates presented to the last Legislature.

## Ky. General Fund Hits New Peak

The Commonwealth of Kentucky closed its fiscal year on June 30 with a general fund balance of $8,338,007, compared with a $1,341,533 surplus a year earlier, according to a report by J. Dan Talbott, State Finance Commissioner. General fund receipts, which are exclusive of gasoline tax revenues, increased to $33,580,948 for the fiscal year, from $26,721,011 for the preceding period.

General fund receipts established a new peak, the former record having been $30,143,229 in the 1936-37 fiscal year. All operating expenses of the State are paid out of the general fund, with the exception of the highway department. Total cash in banks, including the general fund, highway fund and various revolving funds was $21,859,288.

## Tenn. Ends Year In Financial Clover

The State of Tennessee closed its books for the 1942 fiscal year with the largest tax collections in history and a prediction that a final tallying would show a general fund surplus exceedng that of the $933,000 for the year 1941.

The collections by the Department of Finance and Taxation rang up $52,687,331, a gain of $5,590,618 over last fiscal year. It also brought forth the prediction that this would probably be the last year "for the duration" in which the State would see lush incomes from gasoline taxes and motor vehicle registrations, the leaders in bringing in the coin on which the States operates.

## San Antonio Public Utility Purchase Halted

The city of San Antonio and the San Antonio Public Service Company were restrained Tuesday by a temporary court order against further steps toward the condemnation or purchase by the city of the company's electrical properties.

Arrangements for the sale of the San Antonio Public Service Company to the city of San Antonio were entered into Monday when officials of the city and representatives of the utility signed a contract under the terms of which the utility would be transferred from private to public ownership at an over-all price of approximately $34,600,000.

**Under the deal between American Light and Traction and San Antonio officials, the city would purchase initially the entire issue of San Antonio Public Service common stock, totaling 83,000 shares, for $10,000,000. Thereafter, the city would retire the utility's preferred stock debentures and first mortgage bonds. The entire transaction, according to the deal, would be accomplished**

**through the sale of revenue bonds by the city.**

### Cleveland Electric Co. Acquisition Opposed

Opposition has developed to the recent proposal that the Cleveland Electric Illuminating Company, an important unit in the North American Company system, be transferred from private to public ownership. Cleveland Electric has been ordered cut loose from the North American system under the "death sentence" provisions of the Holding Company Act, and several weeks ago it was reported in Wall Street that banking group was being formed to bid on City of Cleveland bonds, the proceeds of which would be used to acquire the Cleveland Electric property. Latest developments in the situation, however, indicate that the Citizens League of Cleveland is strongly opposed to public ownership of the utility. In a report just filed with the City Council and the Mayor of Cleveland, the League declared that there is "no widespread desire" on the part of taxpayers and voters for a change from private to public operation of the utility. In voicing its opposition to the proposal, the League declared (1) that the company is rendering efficient service at low cost, and (2) that the city would have great difficulty in floating a $100,000,000 bond issue at this time. In conclusion the League asserted that the city, which already operates a small municipal plant, "has not yet proved its ability to operate a light and power plant economically and efficiently."

### N. Y. World's Fair Makes Last Payment

Forgotten by practically everybody but the bondholders, the $155,000,000 New York World's Fair again hit the news column recently. In its final gesture before dissolution proceedings are begun, the Fair Corporation announced June 29 a payment to holders of the outstanding 4% debentures of $940,198; representing 3½% of the $26,862,800 original principal amount issued.

This final distribution, payable only upon surrender of the debentures for cancellation, to the Chase National Bank, Trustee, will bring total payments on principal to $8,219,479.54, or 30.75 cents on the dollar. Holders also received seven interest payments, aggregating 9.43% of principal, or approximately $2,533,162, to lift the overall return to 40.18%. Principal payments were 10.5% in 1939 and 16.75% in 1941.

It is estimated that approximately 80% of the outstanding debentures are owned by New York banks, exhibitors and concessionaires at the Fair with only a small amount held by individuals.

### Ontario Effects Huge Bond Refinancing

The Province of Ontario has completed the re-financing in Canada and the United States of bonds and treasury bills totaling $129,500,000, at an interest rate substantially lower than that which has hitherto prevailed, Premier Hepburn announced recently.

"All our re-financing has been completed up to March 31, 1943, at a big saving to the Province in the service charge on the debt," said the Premier. "It is a good stroke of business, and naturally I am delighted. The fact that we were able to obtain a substantial saving in the interest rate is indicative of the high standing of Ontario in the eyes of investors."

### Ontario Booklet Prepared

Wood, Gundy & Co., Inc., 14 Wall St., New York, has prepared a booklet on the wealth and resources of the Province of Ontario, Canada, in which it points out that the Province provided more than half of all individual and corporation taxes collected by the government of the Dominion of Canada in the fiscal year ended March 31. Forty per cent of the national income of the Dominion accrues to residents of Ontario, which comprises one-third of Canada's total population.

### Detroit Bonds Awarded

A group of 74 investment firms and banking institutions headed by the First National Bank of New York, Halsey, Stuart & Co., Inc., and Lazard Freres & Co. submitted Tuesday the winning bid for an issue of $17,143,000 of city of Detroit, Mich., refunding bonds, the tender showing a net interest cost to the city of 2.59958%.

The successful bid was 100.025 for $7,746,000, due on July 15, 1943 to 1956, as 3s; $4,408,000, due on July 15, 1957 and 1958, as 2¼s, and $4,989,000, due on July 15, 1959 to 1962, as 2½s.

The bonds were immediately re-offered by the syndicate, with the 3s priced to yield 0.60 to 2.60%; the 2¼s to yield 2.50%, and the 2½s at dollar prices ranging from 99¼ to 98½, according to maturity in each case.

The city received three group bids for the issue, with a syndicate headed by the Bankers Trust Company in runner-up position with an interest cost basis of 2.6347%. The Northern Trust Company, Chicago, and associates bid a 2.6385% interest cost basis.

The sale of this $17,143,000 issue completes the refunding program which was started by Detroit some time ago under which all of its general obligation bonds will have been refunded. Last March the city sold $16,758,000 of bonds at a net interest cost of 2.72%, as part of this refunding program.

Following the sale of this issue, Detroit city officials announced Tuesday the call for redemption of $17,143,000 of outstanding bonds. These include $4,115,000 of public sewer refunding Series A 4% bonds, to be redeemed on Sept. 15; $1,198,500 of public school refunding Series A 4s, to be redeemed on Nov. 1; $3,997,000 of public sewer refunding Series A 4s, on Nov. 15; $7,512,000 of public sewer refunding Series A 4½s, on Dec. 15; $2,000 public school refunding Series A 4½s, on Jan. 1, 1943; $25,000 library refunding Series A 3½s, on Jan. 1, 1943, and $294,000 public school refunding Series A 3½s, on Jan. 2, 1943.

### Housing Notes Sold—Bonds Offered

Twelve local public housing authorities sold Tuesday to various banks and investment firms a total of $50,459,000 of short-term obligations. The Chemical Bank and Trust Company and associates received the award of $36,661,000 of the total amount offered; Salomon Brothers & Hutzler took $6,727,000; the Girard Trust Company of Philadelphia, $3,000,000; the Capital National Bank of Sacramento, $1,755,000; Harvey Fisk & Sons, Inc., $1,100,000; R. W. Pressprich & Co., $800,000, and the First and Merchants National Bank of Richmond, $416,000.

**The New York City Housing Authority will consider proposals up to July 22 for the sale, as Series A bonds of not more than $1,806,000 principal amount of bonds (constituting part of an initial issue of $2,050,000 of bonds) of the Authority to aid in financing the cost of its low-rent housing project known as Classon Point Gardens, designated as Project No. N. Y. 5-7.**

Each proposal must prescribe serial maturities for $2,050,000 of bonds on Feb. 1 of each year, beginning on Feb. 1. 1943, and ending not later than Feb. 1, 2000, and shall designate not more than $1,806,000 of these bonds, consisting of any number of consecutive maturities, commencing with the first maturity as Series A bonds, provided that no bonds maturing after Feb. 1, 1979, may be included as Series A. All bonds not sold as Series A will be Series B bonds and will be sold to the Federal Public Housing Agency and will bear interest at the rate of 2½%. Bidders are asked to specify the rate of interest on the Series A bonds.

NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

*Statement of Condition June 30, 1942*

RESOURCES

| | | |
|---|---|---|
| Cash on Hand and Due from Other Banks | | $253,839,321.61 |
| United States Government Obligations, direct or fully guaranteed | | 344,062,282.51 |
| Other Securities | | 65,159,367.68 |
| Stock in Federal Reserve Bank | | 900,000.00 |
| Loans: | | |
| Loans and Discounts | $ 88,346,521.60 | |
| Real Estate Mortgages | 16,756,385.14 | |
| Overdrafts | 38,463.80 | 105,141,370.54 |
| Branch Buildings and Leasehold Improvements | | 1,104,082.76 |
| Other Real Estate | | 13,970.63 |
| Accrued Income Receivable—Net | | 1,338,370.31 |
| Prepaid Expense | | 483,592.90 |
| Customers' Liability Account of Acceptances and Letters of Credit | | 2,141,114.53 |
| TOTAL RESOURCES | | $774,183,473.47 |

LIABILITIES

| | | |
|---|---|---|
| Deposits: | | |
| Commercial, Bank and Savings | $654,905,379.71 | |
| U. S. Government | 35,164,434.61 | |
| Treasurer, State of Michigan | 14,548,576.60 | |
| Other Public Deposits | 28,903,999.52 | $733,522,390.44 |
| Capital Account: | | |
| Preferred Stock | 8,625,000.00 | |
| Common Stock | 10,000,000.00 | |
| Surplus | 11,375,000.00 | |
| Undivided Profits | 5,448,975.06 | |
| Reserve for retirement of Preferred Stock | 125,000.00 | 35,573,975.06 |
| Reserve for Common Stock Dividend No. 16 payable August 1, 1942 | | 500,000.00 |
| Reserves | | 2,445,993.44 |
| Our Liability Account of Acceptances and Letters of Credit | | 2,141,114.53 |
| TOTAL LIABILITIES | | $774,183,473.47 |

**United States Government securities carried at $68,399,337.68 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.**

*Member Federal Deposit Insurance Corporation*

**BUY U. S. WAR BONDS REGULARLY OUT OF INCOME**

### Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

**July 17**

**$2,976,000 Cuyahoga Co., Ohio**

In March the county awarded bonds to a syndicate headed by A. C. Allyn & Co. of Chicago. Second highest bid was submitted by Prescott, Jones & Co., Inc., of Cleveland and associates.

**July 20**

**$480,000 Akron, Ohio**

Although slightly under the required amount, this offering is included because of general reader interest. Prior award, on June 1, went to syndicate headed by Fox, Reusch & Co. of Cincinnati. The Ohio Co. of Columbus, and associates, second best bidder.

**July 21**

**$4,000,000 South Carolina (State of)**

Similar highway certificates of indebtedness were awarded last March 31 to a syndicate headed by the Chemical Bank & Trust Co. of New York. Second highest bid entered by Halsey, Stuart & Co., Inc., and associates.

**July 29**

**$1,200,000 Washington Suburban San. Dist., Md.**

Last December the said district awarded a larger issue to a syndicate headed by Phelps, Fenn & Co. of New York. Runner-up in the bidding was Harriman Ripley & Co., Inc. of New York, and associates.

## Our Reporter's Report

(Continued from First Page)

**Detroit Writes Finis.**

The City of Detroit rounded out its enormous refunding program this week with the sale to a New York banking group of $17,143,000 bonds at an interest cost to the city of 2.59958%.

Completing a nine-year job of refinancing, involving $229,000,000, the last bonds sold were bid in by bankers in three groupings, $7,746,000 as 11 to 14 year 3%; $4,408,000 as 15 to 16 year 2½s and $4,989,000 as 2¼%, maturing in 17 to 20 years.

Dealers reported the bonds, priced for reoffering in line with existing markets, were meeting with brisk demand, indicating an early closing of subscription books.

**Life Company Investments.**

For the first half of the current year, life insurance companies report an overall increase of 15% in gross purchases of securities and mortgages, which incidentally is a gain of 39% over the same period in 1940.

**Aggregate of such purchases was placed at $2,425,000,000 against $2,100,000,000 last year. But it develops upon breakdown of the figures that actual investments in mortgages in the period were only $404,000,000 or 2% less than in 1941.**

**This contrasted with a total of $1,231,000,000 added to holdings of federal securities, a total more than two and one-half times as great as in 1941 or 1940.**

New purchases of utility securities were off 43% to $311,000,000; railroads down 41% to $81,000,000 and State and municipals off 23% to $122,000,000.

**"Swapping" Is Active.**

Swapping operations by insurance portfolio chiefs and other institutional holders of securities, provides a sizeable part of the daily business going through.

**The aim of such trades, naturally is to round out portfolios and to improve the quality of the bonds held. Currently the bulk of such business involves the secondary and less railroad classifications.**

**Here it generally is the aim of the seller to use an opportunity, as he sees it, to let go of a debenture and replace it with a mortgage issue, or perhaps to "step up a mortgage" in the parlance of the trade.**

In other words, the element of quality, rather than price, is the guiding factor in most such undertakings.

# Urges Buying War Bonds for Post-War Reserves

Urging the purchase of War Bonds of the Series F and G types as an excellent means for the investment of reserve funds for industry's post-war reconversion costs, Henry H. Heimann points out in the "Monthly Business Review" of the National Association of Credit Men, released on July 15, that "these bonds likewise provide one of the very best investments that corporations can make if they must build reserves to meet maturing issues of an extended nature.

"Corporate reserves in the form of War Bonds serve a three-fold purpose. First, they help provide the government with funds to pay for the materials necessary to win this war. Second, they contribute toward the anti-inflationary program and thus add to the possibility of a more stable future for all business. Third, they represent a security that not only yields a satisfactory rate of interest and cannot depreciate in price, but also has the backing of the United States of America."

In contrast to the Series E Bonds, which are available only to individuals, Mr. Heimann emphasizes that "the Series F Bonds have a 12-year appreciation period and are issued at 74% of maturity value, with an investment yield of approximately 2½%, while the Series G Bonds are 12-year current income bonds issued at par and bearing interest at the rate of 2½% annually.

"It is the Series F and G Bonds that are so well-adapted for investment of corporate reserves since the maximum holding can be as high as $100,000 annually for the aggregate of the two series. Either of these series can be registered in the name of a corporation, which is not the case with Series E Bonds. Thus post-war reconversion costs can be anticipated and funds to meet them can be invested safely."

## SEC Issues Data On 1941 Securities Flotation Cost

Detailed statistics on the cost of flotation of securities effectively registered under the Securities Act of 1933 during the year 1941 were made public on June 18 by the Securities and Exchange Commission. The statistics, said the SEC, bring up to date the annual data presented in reports by the Research and Statistics Subdivision of the Trading and Exchange Division. A consistent annual series of detailed cost data is now available for the years 1938-1941, said the Commission's announcement of June 18, which continued in part:

"The main statistical tables accompanying the current report include all issues effectively registered in 1941 by issuers for cash sale, namely: 70 bond issues totalling $1,353,198,000; 67 preferred stock issues totalling $202,511,000 and 111 stock issues (excluding investment company issues) totalling $386,113,000.

"The cost of flotation in 1941 for the securities which were registered for sale for the account of issuers was lower than the three preceding years, as was also the number of issues registered, but not the dollar volume. The decline in cost for each type of security was accompanied by great increases in the dollar volume offered directly to investors. Costs in 1941 averaged $1.90 out of each $100 of estimated gross proceeds or 1.9%. The lowest annual cost rate in the preceding three years was 2.9% for 1938.

"Below are summarized the more important points shown in the analysis of the securities effectively registered for cash sale for the account of issues in 1941:

"(1) Costs for each of the three major types of securities were much lower in 1941 than in all of the preceding three years. For bond issues, the cost of flotation in 1941 averaged 1.5%, a substantial decline from the range of 2.4% to 2.5% for the years 1938-1940. Of preferred stock, the 58 issues registered in 1941 carried an estimated cost of flotation of 4.2%, which compared with an annual low for the three preceding years of 5.2% in 1939. Common stock in 1941, in the volume of 70 issues, carried an average cost of 2.4%, and the substantial decline from 9.2% of 1940 was accompanied by a great increase in the proportion of issues sold without the aid of investment banking facilities and the greatest decrease in cost for that method of offering.

"(2) A reduction in the number of issues, but an increase in the dollar volume, accompanied the decline in 1941 from the year preceding in the average percentage cost of flotation of all securities registered for sale for the account of issuers. There was a substantial rise in the proportion of both the numerical volume and dollar volume represented by certain types of offerings which typically involve a minimum of cost, notably sales by issuers directly to investors. The other methods of offering, however, also participated in the decline in the cost rate.

"(3) A breakdown of cost of flotation into two components—compensation and expenses—showed that changes in the first component accounted for the change in the total. For all types of securities effectively registered for sale for the account of issuers, compensation averaged 1.3% in 1941 compared with the previous low of 2.3% in 1938, whereas 1941 expenses were about the same as the average for the four years. For bonds, the compensation in 1941 averaged 1.0% compared with the previous low of 1.8% for 1940 and the expenses of 0.5% were equal to the average of the preceding three years. For preferred stock, both compensation and expenses established new lows of 3.3% and 0.9%, respectively. For common stock, compensation of 1.7% and expenses of 0.7% in 1941 registered declines from previous lows for compensation of 8.0% in 1939 and for expenses, 1.1% in 1940.

"(4) As in the immediately preceding years, flotation costs in 1941 varied according to the method of issue. For bonds, those which were underwritten averaged 2.2% in cost of flotation; those distributed by investment bankers on an agency basis, 1.0%; and those distributed directly by issuers to investors, 0.5%. Those preferred stocks which were underwritten had an average cost of flotation of 4.3%, compared with 11.8% for those distributed on an agency basis, and 1.3% for those distributed directly by the issuers. For common stock, the cost ratios in the same order were 5.5%, 11.2%, and 0.6%.

"(5) A breakdown of expenses other than the registration fee, which was practically constant, distinguished between those which were partly attributable and those which were not attributable to registration showed that the ratio of the former declined for all three major types of securities, but the latter increased for bonds and preferred stocks and declined only for common stocks.

"(6) Cost of flotation in 1941 tended to vary inversely with the size of both issue and issuer, confirming tendencies for the former shown in the 1940 data and for the latter in the data of all three preceding years.

"(7) A definite tendency to vary in the same direction as yield was noted for the cost of flotation of underwritten bonds offered to the public in 1941, as well as in the three preceding years.

"(8) Serial maturities carried lower cost of flotation than single maturities among the underwritten bonds offered to the public in all four years.

"(9) Issues marketed through competitive bidding, which carried lower than average costs of flotation, were higher in volume in 1941 than in the preceding three years. Tests by yield and quality ratings failed to show the competitive-bid issues were of superior quality to all other issues."

# NYU Will Sponsor Federal Tax Institute

New York University will sponsor a Federal Tax Institute this fall to meet the needs of attorneys, accountants, corporate officials and trust officers whose work is largely concerned with tax matters, it is announced by Dr. Ned H. Dearborn, Dean of the Division of General Education. Scheduled to meet for a two-week session after the details of the new Federal tax law have been completed by Congress, the Tax Institute program will be conducted by a committee composed of J. K. Lasser, tax authority and lecturer in the Division of General Education; Harry J. Rudick, lecturer on taxation at the New York University School of Law, and Paul Studenski, professor of economics in the New York University's School of Commerce, Accounts, and Finance.

Sessions will be held mornings and evenings during the two-week period, leaving the afternoons free for members to attend to personal and business matters during their stay in the city. Some 20 nationally known authorities on Federal tax matters have already accepted invitations to become discussion leaders and it is expected that representatives of the United States Treasury will also attend the conference, Dean Dearborn said.

# Financial Advertisers To "Convene By Mail"

CHICAGO—The 27th annual convention of the Financial Advertisers Association scheduled to be held in Chicago beginning Oct. 26 has been cancelled, it is announced by Victor Cullin, President of the Association and Assistant Treasurer of the Mississippi Valley Trust Co. of St. Louis. This action was taken by the Executive Committee of the Association at a meeting held at the Edgewater Beach Hotel in Chicago, July 11 and 12.

President Cullin, in announcing that the 1942 convention would be cancelled, said: "A number of factors led to our decision, which is actually a consensus opinion of our membership. First, of course, is the request of Defense Transportation Coordinator Eastman, that convention travel be reduced. Beyond that is the fact that the nearly 700 members of our Association are the men and women who are directing the greatest part of the tremendous advertising and sales promotion campaign being conducted by the banks of the country to sell War Bonds and Stamps. . . ."

Mr. Cullin concluded with the interesting announcement that the committees charged with handling the cancelled convention are now formulating plans for a unique and original substitute—a "Convention-by-Mail." He said that the plan was naturally in a formative state, but that they expected to develop a method whereby all members of the Association could actually "sit in" by mail on a program equivalent to that which they would have heard had the 1942 convention been held in Chicago.

# Chandler Offers Stock Of Fluorescent Corp.

Leigh Chandler & Co. are offering 38,000 shares of Fluorescent Pigments Corporation Capital Stock at two dollars per share. The Company will market a new blackout product — a luminous pigment which stores up sufficient sunlight or artificial light within one minute to enable it to glow throughout the night.

## Non-Farm Foreclosures

The Federal Home Loan Bank Administration announced on June 29 that persistent contractions in the number of non-farm real estate foreclosures, which have been characteristic of the period since the depression of the early 1930's, continued through May. The total of 3,813 cases estimated for the month of May represents a decrease of 1% from the previous month. This decrease appears very favorable when compared with the customary April-to-May increase of 6%. As a result the seasonally adjusted foreclosure index declined 6.5% in the month of May and now stands at 27.2%, as compared with the average level of the 1935-1939 base period.

The agency's report further said:

"When compared with the corresponding month of 1941, May foreclosures were down 29%. Each Federal Home Loan Bank District and all but 10 scattered States shared in this improvement over May of last year. During the 12 months ending in May, 50,700 foreclosures took place — a total 28% below the same period a year previous.

"The foreclosure rate for the United States as a whole for the 12 months ending May, 1942, was 2.7 cases per 1,000 dwellings, as compared with 3.7 for the 12 months ending May, 1941. The May, 1942, non-farm foreclosure rate projected on an annual basis was 2.4 cases per 1,000 non-farm dwellings or slightly lower than the 2.7 rate for the 12 months ending in May. Only Boston, New York, and Pittsburgh Bank districts reported a rate greater than the national average for the 12 months ending May, 1942.

"The concentration of the more favorable rates was in the less densely populated areas. The foreclosure rates for Groups No. 1 and No. 2, which are comprised of the smaller communities, were 1.3 and 1.7, respectively. Counties consisting of the greater number of dwellings registered rates of 3.0 for Group No. 3, and 4.0 for Group No. 4. All groups were below the rates registered for the 12-month period ending May, 1941.

## Get Merit Awards

Secretary of the Treasury Morgenthau on July 4 personally presented certificates of merit to 16 industrial and business organizations in Dutchess County (N. Y.) for participation of 90% or more in the war savings bond payroll allotment plan. The ceremony took place at the plant of the International Business Machines Corp. at Poughkeepsie, N. Y.

Mr. Morgenthau told the officials of the 16 organizations and employees of the I. B. M. plant, which operated that day, that "the United States Government is now spending a little more than $1 a day for every man, woman and child in the country and approximately $4,500,000,000 must be raised each month for the rest of this year. I do not know of any better message to send back to Mr. Hitler than to tell him about all you men we see here working on the Fourth of July like any other day."

# OPA Explains Stand On Ceiling Prices

The Office of Price Administration issued on July 11 a statement designed to clarify conflicts between the General Maximum Price Regulation and State Fair Trade Acts. The statement, released by David Ginsburg, General Counsel of OPA, follows:

"I have been asked to clarify some uncertainties which have arisen with respect to the position of the Office of Price Administration as to the relationship between the General Maximum Price Regulation and resale price maintenance contracts entered into pursuant to State Fair Trade Acts.

"It is clear, of course, that no seller subject to the General Maximum Price Regulation may sell at a price higher than the price established by the Office of Price Administration. Cases may arise, however, in which this maximum is less than the minimum price established under a State fair trade contract.

"It is not the view of this office, in cases in which there has been substantially uniform observance within the community of the State fair trade price, that the General Maximum Price Regulation authorizes a seller to sell below that price. Where the price established by fair trade contract has been generally observed during March and the violations represent the abnormal situation, enforcement of the fair trade contract would not be regarded by this office as substantially interfering with the purpose of the General Maximum Price Regulation or the Emergency Price Control Act.

"In such cases, if a retailer is enjoined by a State court from selling at the maximum price authorized by the General Maximum Price Regulation, he may apply to the Office of Price Administration for an adjustment of that maximum price in accordance with Section 18 of the General Maximum Price Regulation."

## OPA Raises Ceiling On Canned & Dried Fruits

The Office of Price Administration has increased the ceiling levels over all canned and most dried fruits, Price Administrator Leon Henderson announced on July 1. He said that the increase in prices for the 1942 pack would average as much as 15%. In a statement, Mr. Henderson explained that growers' prices for fruit have risen sharply under the parity formula set in the Price Control Act and, in addition, canners' labor costs and transportation costs are higher than last season. He added that the established ceilings—fixed at the highest March levels—"leave no working margin for the function of wholesaling and retailing." According to the Associated Press July 1, Mr. Henderson in his statement addressed directly to American housewives, blamed the situation on the special price concessions granted by Congress to farm products, and on refusal of Congress to approve a subsidy program permitting the government to absorb higher costs of fresh fruit. He is quoted as saying:

"This is not a satisfactory solution. It is inflationary. It translates into retail price increases a burden that the government might properly assume as a charge connected with the war."

The OPA set the ceiling, over all levels of selling—packer, canner, wholesaler and distributor—in its April 28 order (referred to in our April 30 issue, page 1705) but due to the 110% parity formula could not set a ceiling over growers' prices.

# More Dealer Views On Minimum Capital Proposal

We have received some more letters from dealers in various parts of the country expressing their views regarding the NASD minimum capital proposal. Although July 15 was the closing date for the balloting on this proposition and the other proposed amendments to the rules and by-laws of the Association, we are publishing the letters on hand only for the record. In all cases, we have scrupulously observed the wishes of our correspondents who preferred to remain anonymous.

### DEALER NO. 39

I differ with the New York City Dealer (Dealer No. 34) in the "Chronicle" of July 29th who says that "A man in business for himself who has not as much as $5,000 to protect his customers and to carry on his business has no more justification for being in business for himself than a bank or a trust company would be justified in accepting deposits and trusts without any capital to protect them."

This dealer's premise is entirely false. A bank agrees to permit a customer to withdraw his money on demand. This might not ordinarily be possible where such funds are loaned out, invested in securities, etc., and such loans and investments go bad. Consequently, our legislators saw fit to oblige banks to comply with certain minimum requirements to guard against such contingencies. In other words, a bank is really temporarily investing the other fellow's money and agrees to return it to him on demand and assumes the risk inherent in so doing.

In the case of an investor buying from a securities firm, he (the investor) assumes the risk in the event that his judgment proves wrong when he concludes to purchase a particular stock or bond.—(From a New Jersey Dealer)

### DEALER NO. 40

As one of the many "John Bowmans" allow me to express my appreciation and hearty endorsement of the stand you have taken in regard to the proposed NASD amendments. You have expressed my sentiments better than I could myself.

I have been in the securities business for more than thirty years and from many contacts know that a man's integrity is not dependent upon the size of his bank account.

The whole thing smells to me of too much regimentation and Naziism. I am dead set against it.—(From a Denver, Colo., Dealer)

### DEALER NO. 41

We are much interested in an article you have recently been carrying in "The Commercial & Financial Chronicle" on the efforts of the NASD regarding a minimum net operating capital of smaller security dealers.

Our company voted "Yes" on Article 1, Section 1, feeling that a suggestion on the part of the NASD virtually amounted to the passage of the rule anyway and while it might not necessarily work a hardship on us it would depend on their construction of what is a liquid net of $5,000.

We do not wish, in any way, to antagonize the NASD but if you will advise us that your responses from the dealers indicate that a majority will vote "No," we will recall our vote.

In this day of rigid detailed requirements on the part of the governing agencies it is difficult to know when you are complying in all minute details with their rules and regulations. It is certainly our desire and intent to cooperate in the fullest but we can assuredly see where a very distinct hardship could be worked on many dealers if this proposal is carried out.

Particularly do we refer to their construction of what constitutes a liquid operating net $5,000. For instance, in making a bond to comply with the State's requirements, we have placed $5,000 Government "G" Bonds with the bond company. Certified Public Accountants consider that a net asset. As to what conclusion the NASD would take of it is something unknown.

We would not like to have our name used but the contents of this letter may be used in any way you see fit, just so our name is not brought up in connection with it.—(From a Miami, Fla., Dealer)

### DEALER NO. 42

I have been reading with some interest your comments on the proposed minimum capital requirement applying to members of the NASD, and observe that so far all of the letters you have printed are opposed to this amendment. I am wondering if there is anyone who has written you in favor of the proposal and whether you are willing to make your columns available to arguments on the other side.

Whether or not the minimum capital requirement is upheld for membership in the NASD, it cannot be justly maintained that such a requirement would prevent anyone from entering the security business. There are many dealers in my market and elsewhere who are actively in the security business but who are not members of the NASD. The statement made that minimum capital requirements would prevent newcomers of unquestionable integrity but with limited capital from entering the industry cannot be supported. Membership in the NASD is not mandatory. It is fair to admit that any Association should be permitted to establish its own qualifications for membership.

It is a well known fact that it is now illegal to establish a new bank unless certain minimum capital requirements are met. These capital requirements may vary with the size of the community in which the bank is to be established, but in all cases there are definite minimum limitations, which are now generally accepted before the bank may be organized. No one now maintains that this rule is contrary to the American policy of an even break for all. It may be likewise argued that no one can become a member of the New York Stock Exchange unless they have free capital in a far larger amount than the sum suggested by the NASD. We presume that you feel that you speak for the financial interests which make up the New York Stock Exchange, and possibly you have overlooked that the Exchange controls almost as complete a monopoly as exists in America today. Even the smaller exchanges do insist on some minimum capital investment and this is generally accepted. This position is not considered as "un-American" and is recognized as necessary to maintain a high plane of professional conduct.

The NASD is honestly and sincerely trying to elevate the tone and prestige of the security business and I believe it should have the supporting commendation of responsible financial magazines who purport to represent the views of the industry. At least the reasons for its efforts should be presented.

You have, of course, the unrestricted privilege of expressing your views on any subject you wish, but it does seem only fair that in presenting views in your news columns, on any matter of great interest, you should present the opinions of both sides of the argument and not only of one. What you say in your editorial columns is an entirely different matter.

I hope you understand the friendly spirit in which I write.—(From a New Orleans Dealer)

### DEALER NO. 43

The writer of letter No. 34 has taken an entirely erroneous premise for his argument.

A bank is a depositary for funds, which funds are in turn loaned or invested. Capital is required for banks in order to provide a margin of safety in the event that the loans or investments turn out badly.

A security dealer is the intermediary through whom funds are converted into securities or vice versa. Every dealer should have the highest integrity but, to take the position that a capital of $5,000 is synonymous with integrity is the height of absurdity.

If you print this letter please do not disclose the writer's name.—(From a New York City Dealer)

### DEALER NO. 44

I have been reading the "Chronicle" with a deal of interest relative to the NASD proposed Article 1, Section 1, capital requirements.

We haven't paid our dues for this year yet, and don't intend to until we know what is going to happen. We think the suggestion made by several dealers in their letters to you of pooling a fund to protect the small dealer and keep him in business, is a good one. We would prefer to give $30 to this cause rather than for NASD dues.

As many dealers wrote you, why the NASD anyway? Just what good is it accomplishing for all the money we dealers have paid in dues?

You can count us in on any action it is necessary to take to protect the small dealer and keep him in business in the good old American way. Keep up the good work you are doing through "The Chronicle." We feel sure that a big majority of dealers are back of you.—(From a Dealer in Middle Western Town)

### DEALER NO 45

Ever since your first article urging the members of the National Association of Security Dealers to vote against the proposal for a minimum capital requirement, I have wanted to write to you to compliment you for your courage and foresight.

Although, since we deal only in municipal bonds, we are not members of this association, it seems to me that anyone of mature judgment should quickly understand that your interest is in preserving in America the principle of freedom from governmental dictation.

I think we in the field of finance are indeed fortunate to have a publication sufficiently interested in such a principle to express it's convictions with such courage and foresight as you have done.—(From a Cincinnati, Ohio, Dealer)

### DEALER NO. 46

We want to congratulate and thank you for the fight you are waging against the proposed NASD minimum capital requirement.

We have been in business quite a few years and at times our capital has been considerably in excess of the proposed minimum requirements, but at the present time it would work a hardship on us to meet this requirement. We have good banking connection and have never had any difficulty in handling our business transactions, regardless of size, and do not see what possible difference it could make to anyone besides ourselves whether or not we have a capital of $5,000 or more.

We joined the NASD because we believed in the principles on which it was founded and because we believed it would help us, and now our own organization is trying to put us out of business.

What would happen if we are forced out of business for lack of the $5,000 capital? We do not know what would happen but we know what could happen. We are the only local dealer in our city and we pride ourselves that we have a good reputation which has taken a long time to build up; and if we were forced out of business, it would be easy enough for other individuals, who are long on cash but short on character, to move in, possibly in our office space, and take advantage of the goodwill which we have built over a period of years. Do you think that the investors in this community would be better off or better protected under these circumstances? We do not think so.

Thanks again for your assistance.—(From a Dealer in a Small Indiana Town)

# Coordination of U. S. Tax Structure Urged

Immediate Congressional action on a resolution calling for the establishment of a commission to improve the coordination of Federal, State and local tax policies is urged by Myers Y. Cooper, President of the National Council of Real Estate Taxpayers and former Governor of Ohio. Mr. Cooper, who is also Chairman of the Tax Committee of the National Association of Real Estate Boards, pointed out that the historic practice of each government levying taxes in various forms without regard for the taxes being levied by the others has led to serious conflict and competition among the 175,000 taxing authorities struggling for the taxpayer's dollars and pennies. An outstanding example of this, he pointed out, is some of the Federal tax policies now under discussion which would threaten the very existence of local and state government units whose continued functioning is essential in the national emergency and thereafter.

The bill, sponsored by Representative Coffee of Washington, would create a 14-man commission to study the tax structure on a nationwide basis, and outlines procedure for integrating the several units and eliminating conflicts and competition. It is similar to measures which have heretofore been introduced and which the principle of which has had wide support from Federal, State and local officials as well as taxpayers' groups. One of these was introduced recently by Homer D. Angell, representative from Oregon, at the suggestion of the taxpayers' council. The proposed commission would include appointees by the President, the House and the Senate, and representatives of economic groups interested in home ownership, urban real estate, labor, commerce, education, and farming.

# Chicago, South Shore & South Bend Railroad

(Continued from page 172)

owned by Midland Utilities, became converted into 19,476 shares of new Common Stock on the basis of one share of new Common for each share of old Second Preferred. The old no par Common stock, all of which was owned by Midland Utilities, did not participate and was cancelled.

The recapitalization plan, which is now effective, having been approved by the ICC, the SEC and the stockholders, gave the holders of the old First Preferred 75% of the new Common and the holders of the old Second Preferred 25% of the new Common Stock. So far as can be determined on the basis of available information with respect to ownership of the two classes of old stock, Midland Utilities now owns about 62,372 shares, or about 80%, of the new Common, and about 15,532 shares, or 20%, is in the hands of the public.

Giving effect to this recapitalization, the Common Stock will be the sole class of capital outstanding. The company at the present time has no funded debt, no equipment trust obligations or bank loans outstanding. In line with its plan to simplify the capital structure, the company called for payment Oct. 1, 1941, at par the $473,300 outstanding Mortgage 3s, due 1963, which had been issued in the amount of $1,341,000 in 1938 to refund equipment trust certificates of the predecessor company. The company's balance sheet at Dec. 31, 1941, showed current assets of $1,367,084, including cash of $1,092,755, and current liabilities amounting to $796,751, leaving indicated net working capital of $570,333.

During 1941, freight revenues increased almost 27% over 1940 and passenger revenues were 14% higher. Freight traffic accounted for 58% of total operating revenues in 1941, about 39% being derived from passenger traffic. The company's operating record has been better than similarly situated interurban lines, deficits having been reported in only the two worst years of the depression—1932 and 1933. In more recent years, particularly since 1938, net income has registered steady and sizable increases. The following tabulation shows comparative earnings for 1939, 1940, and 1941:

| | 1941 | 1940 | 1939 |
|---|---|---|---|
| Railway Operating Revenue: | | | |
| Passenger | $1,209,160 | $1,058,515 | $1,023,365 |
| Freight | 1,812,996 | 1,428,687 | 1,178,998 |
| Other Transportation | 48,034 | 44,881 | 44,902 |
| Other Railway Revenue | 42,302 | 39,381 | 33,802 |
| Total Railway Operating Revenues | $3,112,493 | $2,571,464 | $2,281,066 |
| *Oper. Income before Federal Taxes | $529,118 | $274,287 | $207,436 |
| Federal Income Taxes (**) | 101,000 | 1,000 | ...... |
| Operating Income | $428,118 | $273,237 | $207,436 |
| Other Income | 22,491 | 18,615 | 15,535 |
| Gross Income | $450,608 | $291,902 | $222,971 |
| Interest on Funded Debt (†) | 11,883 | 19,650 | 34,714 |
| Other Interest, etc. | 2,131 | 1,948 | 2,835 |
| Net Income | $436,594 | $270,304 | $185,421 |
| Earnings Per Sh. New Common (‡) | $5.60 | $3.47 | $2.38 |
| Revenue Passengers Carried | 2,271,511 | 1,984,353 | 1,775,229 |
| Passenger Car Miles | 3,443,142 | 3,036,335 | 2,851,519 |
| Ton Miles of Freight | 115,790,418 | 96,672,252 | 80,170,407 |

Notes: *After depreciation and maintenance: 1941, $557,140; 1940, $451,377; 1939, $391,797.
(**) No provision for excess profits tax.
(†) Bonds called Oct. 10, 1941.
(‡) Based on 77,904 new common shares.

An initial dividend disbursement in the amount of $1.00 regular and $3.00 extra, or a total of $4.00, was declared June 15, 1942, to holders of record June 5, 1942. Based on this payment, it would appear that the company contemplates paying a regular annual dividend of $2.00, payable semi-annually, plus extras. Dividend distributions, in view of the road's good financial position, are expected to be liberal in relation to earnings.

## Willard Of B. & O. Dies

Daniel Willard, Chairman of the Board of Directors of the Baltimore & Ohio RR. Company, died at Baltimore, Md., on July 6 at the age of 81. Before his election as Chairman on July 1, 1941, he had been President of the Company for more than 31 years, longest tenure of any President in B & O's 115 years history. Both of Mr. Willard's children preceded him in death. Harold, the older, died during the influenza epidemic of the first World War. Daniel, Jr., who was Assistant General Counsel of the B & O, and who was awarded the Croix de Guerre for bravery while serving as First Lieut., F. A., United States Army, in France, died May 17, 1940. Mr. Willard is survived by his wife, his daughter-in-law, Mrs. Daniel Willard, Jr., and four grandchildren.

Mr. Willard, who was born on a farm in North Hartland, Vt., in 1861, started his railroad career with the Vermont Central RR., when he began as track laborer at North Hartland. After serving in various minor capacities with other roads, Mr. Willard resigned as superintendent in 1899 of the Minneapolis, St. Paul and Sault Ste. Marie Rwy. Co. (the Soo Line), to accept the position of Assistant General Manager of the Baltimore & Ohio under F. D. Underwood, who had been appointed General Manager of the B & O, but who had formerly filled the same position with the Soo Line. In May, 1901, Mr. Underwood, then Vice-President and General Manager of the B & O, became President of the Erie Railroad. Mr. Willard was offered the position of General Manager of the B & O, but went with Mr. Underwood as his Assistant, June, 1901. The same year he was elected First Vice-President and General Manager of the Erie. A sketch of his career made available by the B & O Co. in part adds:

"Mr. Willard remained with the Erie until January, 1904, when he resigned to become Second Vice-President of the Chicago, Burlington & Quincy RR., in charge of operation and maintenance, with headquarters in Chicago. He filled that position for six years and a part of the time was also Vice-President of the Denver, Texas & Fort Worth RR. and President of the Colorado & Midland Rwy. He resigned from the Burlington and associated companies in 1910 and became President of the Baltimore & Ohio, Jan. 15 of that year.

"In 1911 Mr. Willard was elected President of the American Railway Association and held that position two years.

"In 1912 he was chosen by the eastern railroads to act as their representative on the Board of Arbitration selected to decide the questions involved in the controversy between the 52 eastern railroads and their locomotive engineers.

"In 1913 he was elected by the same roads Chairman of the Presidents' Committee, having charge of the so-called Eastern Five Per Cent. Rate case which finally resulted in a decision on the part of the Interstate Commerce Commission, in which the Commission unanimously stated that in its opinion the eastern railroads were receiving less net than was for the best interests of the public as well as of the railroads. Important advances and concessions were granted by the Commission as a result of the case, although the railroads were not given the full increase for which they asked.

"On Oct. 30, 1916, Mr. Willard was appointed by President Wilson a member of the Advisory Commission of the Council of National Defense, and when the Commission was organized he was elected Chairman, in which position he served during the period of the war. He also became Chairman of the Sub-Committee on Transportation and Communication of the Advisory Commission, and in that capacity, at the request of the Council of National Defense, brought about the organization of the so-called Railroad War Board and the co-ordination of the steam railroads for war purposes, a plan which continued in effect until the railroads were taken over by the Federal Government on Dec. 28, 1917.

"On Nov. 17, 1917, Mr. Willard was made Chairman of the War Industries Board by President Wilson. Owing to the serious transportation difficulties which developed in the eastern section of the United States because of the unusual severity of the winter, he resigned on Jan. 11, 1918, in order to devote his entire time to the management of the Baltimore and Ohio property.

"During the 31 years Willard was President of the B & O he was also most influential in shaping Federal legislation affecting the railroads, and a highly respected witness in railroad hearings held by Congress and in important rate cases heard by the ICC. The last Federal legislation in which he was vitally concerned was the Chandler Bill. This was introduced at his request, and provided that a corporation securing consent from a certain proportion of its creditors to a financial reorganization could, with proper court approval, make the reorganization plan effective despite minority objection. This bill, passed in the closing hours of Congress, July 27, 1939, saved the B & O from going into receivership.

"Mr. Willard resigned as President of the B & O, June 1, 1941, and was made Chairman of the Board of Directors."

Mr. Willard held many honorary degrees—one from the Johns Hopkins University; he had been elected a member of the Board of Trustees of the University in 1914; was elected President of the Board in 1926, and was elected a trustee of Johns Hopkins Hospital in 1927.

## Steel Wage Dispute Subject of Survey

According to recent findings in a survey now being completed by the Twentieth Century Fund, behind the present wage controversy in the steel industry is a record of steadily rising output per worker, so that in 1939 the labor cost of producing a given amount of steel was approximately the same as in 1936, even though hourly wage rates rose nearly 25% during that period. Improved production methods are largely responsible for the increased output per worker, says the Fund's announcement. Advance portions of the survey, which describes how collection bargaining works in 16 major industries, were made public on June 22 by Evans Clark, Executive Director of the Fund, who said "the demand of the union for a blanket increase of one dollar per day in the 'Little Steel' companies is now before the National War Labor Board. The issues in this case are better understood if we view them against the background of happenings in recent years."

Details of wage negotiations in the steel industry are set forth in a chapter written for the Collective Bargaining Survey by Frederick H. Harbison, of the Economics Department of the University of Chicago, who is now on duty with the War Production Board in Washington. Describing the "New Standard Agreement" negotiated in 1941 with most of the major steel producers after Ernest T. Weir had made his announcement of a voluntary 10 cents an hour pay increase for workers at the National Steel Company, Dr. Harbison says:

"The Steel Workers Organizing Committee won its main demands for general pay increases and improvements in working conditions and schedules. The 10 cents an hour increase, granted after National Steel had pointed the way, raised average hourly earnings of steel workers to 97 cents."

Setting forth some of the important technical developments that affect wage negotiations, past and present, Dr. Harbison says:

"Recent managerial and technological advances have enabled the steel industry to offset higher wage rates by economics in the use of labor. In 1940, the major steel companies produced a 10% larger tonnage than in 1937, yet the total number of man hours worked was 7% less. Total pay rolls were 3% less. In 1939 the labor cost of producing steel was approximately the same (for comparable periods of operations) as it was in 1936, although wage rates were nearly 25% higher."

From the announcement made by the Twentieth Century Fund we also quote:

"The traditional opposition of the major steel companies to collective bargaining was dramatically changed by the agreement worked out between Myron C. Taylor of the U. S. Steel Corporation and John L. Lewis of the Congress of Industrial Organizations in March, 1937. Dr. Harbison says: 'U. S. Steel accepted neither the closed shop nor majority rule; it merely agreed to incorporate in a written contract what had been since 1934 the stated policy of the industry with respect to bargaining with representatives of employees. Yet a signed contract implied some degree of acceptance of the SWOC and the abandonment of the practice of opposing outside unions.'

"On the union side, one result of this agreement was that 'it caused the SWOC to deviate from its original objective of collective bargaining on an industry-wide basis. . . . After 1937 there was no such thing as an industry-wide policy of collective bargaining. The large union companies followed one course, the smallest concerns another, and the "little steel" groups a third policy.'

"During this period of organizing activity the membership of the steel workers' union has fluctuated greatly. Of the 600,000 members claimed by the SWOC in 1941, 'perhaps 400,000 are in the basic iron and steel industry, which employs about 500,000 workers eligible for union membership. The remaining 200,000 members work in metal processing and fabricating plants, closely related to the steel industry.' Dr. Harbison believes the steel workers' union is in a strong position both from the standpoint of membership and of finances, at the present time."

## OPA Allows Extra Sugar

A two-pound extra ration of sugar will be released to consumers on their sugar ration stamp No. 7 beginning July 10, it was announced on July 4 by Price Administrator Leon Henderson. An extra quantity will also be made available to industrial and institutional users as an increase in their July and August allotment, Mr. Henderson said. The OPA further states:

"The extra sugar ration, the Price Administrator said, is made possible by receipt of somewhat heavier shipments from the offshore producing areas than were anticipated when the present ration allotments were fixed. He said it is not possible to give assurance regarding the continuing basic ration allotment, however, because of lack of any assurance that the shipping situation will remain as favorable as it has been in the past two or three months.

"Mr. Henderson's decision was reached after consultation with shipping officials and after the Division of Industry Operations of the War Production Board had determined that the quantity of sugar available for distribution to civilian consumers between July 1 and Dec. 31, 1942, would be 3,435,000 short tons.

"With American shipping facing such perils as enemy submarine activities and mine-sowing, nobody knows whether we can bring in sufficient sugar to maintain our present ration levels in 1943," Mr. Henderson said. "But the shipping prospects, together with the amount of sugar now on hand, we feel warrant distribution of at least 200,000 tons at this time. If our present shipping situation continues, it will result in no shortage. We're taking what I'd call a conservative gamble."

From the announcement of the OPA we also quote:

"Actual distribution of the extra sugar ration will entail no red tape, the OPA said. For the individual consumer, it simply means cashing in coupon No. 7 of the ration book at any time between July 10 and Aug. 22. The No. 7 coupon will entitle him to buy the two extra pounds, without any effect whatever on any other coupons in the book.

"Likewise, there will be complete absence of any red tape for industrial and institutional users. When they apply for their regular sugar allotments for use in September and October, which they may do on or after Aug. 15, they simply will get this extra allowance of sugar above their regular allotment.

"While the extra sugar for these two classes of users does not actually become available until Aug. 15, OPA said, institutions and industrial consumers may step up their rate of consumption immediately in anticipation of the forthcoming increase.

"Institutional users, such as restaurants, hospitals, etc., will receive 75% of their normal needs, instead of 50% as regularly allowed, and industrial users will receive 80% of their normal requirements instead of 70% as heretofore. The extra allotment, however, is for the one allotment period only.

"In no case, is there any reason for anyone to go to the local rationing boards to get this additional allowance, OPA said. 'The rationing boards are extremely busy with other important matters, and to go to them would be a needless additional burden on their already overtaxed facilities,' the OPA said."

A reference to the announcement regarding sugar rationing coupons 5 and 6 appeared in our issue of July 2, page 22.

## Homebuilders To Unite To Work With Govt.

To work out means through which private home building may be kept alive during the war period and through which it can supply as much as possible of our housing needs, first steps are now being taken to unite the entire home building industry into a single organization. The new organization is proposed to unite the memberships of the National Home Builders Association and the Home Builders Institute of America. In a joint release, issued June 27, executive officers of the two organizations state that tentative by-laws have been prepared and organization procedure is being worked out for the proposed great all-industry group, which is expected to work very closely with governmental agencies in its field. It is expected to take as its name "The National Association of Home Builders," says the announcement, which adds:

"The proposed merger of the two existing groups will form a national association of home builders that will be truly representative of the entire home building industry. It is absolutely essential at this time that there be an unquestionably representative group who can speak for the industry in conferences with agencies of the Federal government. To work out, under present conditions, the procedures, allocations, preference rating systems and the like and the building methods whereby private industry can produce, as it should, practically all the war housing that will be of permanent character will require a voicing of the whole national experience and a pooling of the effort of the industry in every part of the country.

"Local chapters of the Home Builders Institute of America and local associations of the National Home Builders Association would be recognized in the proposed new organization plan. The new organization can come into being as soon as by-laws and procedures are ratified by these local associations of HBA and members and local chapters of HBI.

Officers of the proposed organization as soon as it is established will be: Hugh Potter, Houston, Texas, President; Harry J. Durbin, Detroit, Vice President; Carroll Shelton, Philadelphia, Secretary, and George Ellis, Chicago, Treasurer.

Objectives as outlined in the proposed by-laws:

1. To aid the Government in providing needed housing through private enterprise at low cost.
2. To collaborate with manufacturers for the production of new and less costly building materials.
3. To aid in standardization of building codes and to encourage the elimination of uneconomic and cumbersome governmental procedures affecting home construction to minimize cost and delay.
4. To co-operate with other trade associations interested in home building to secure united action in matters of national policy.

## "Hot Oil" Act Made Permanent By New Bill

President Roosevelt signed on June 22 the bill making permanent the provisions of the Connally "Hot Oil" Act prohibiting the movement in interstate or foreign commerce of petroleum and petroleum products produced in violation of State laws. The measure, originally passed in 1935 as temporary legislation and renewed in 1937 and 1939, was scheduled to expire June 30. The bill supports the oil and gas conservation laws which have been enacted by the principal oil-producing States and makes the Federal Government an agent in the enforcement of restrictions on bootlegging "hot oil."

The Senate approved the legislation on Feb. 3 and the House adopted it on June 15.

## Goldman, Sachs Add Six

Jerry W. Cox, formerly manager of the Philadelphia office of Tucker, Anthony & Co., has become associated with Goldman, Sachs & Co. in their office in that city at 1416 Chestnut St.

Gardner F. Parks is representing the firm in Albany, N. Y., from offices at 100 State St.

C. Conrad Carlson, Lester G. Kaas, Edward J. Kelly and R. Wallace Wilson have been added to the staff of Goldman, Sachs & Co. in their New York office at 30 Pine St.

Mr. Parks's association with the firm was previously reported in the "Financial Chronicle" of May 14, and Mr. Carlson's in the "Chronicle" of May 28.

## Seaboard Reorganization

L. H. Rothchild & Co., 11 Wall Street, New York City, announce that they have prepared a brief memorandum on the Seaboard reorganization proceedings and the proposed treatment of the All-Florida 6s of 1935. Copies of this interesting memorandum may be had upon request from L. H. Rothchild & Co.

## Congress Votes July Funds For Agriculture Dept.

President Roosevelt on July 9 signed the "stop-gap" legislation permitting the Department of Agriculture to function during the month of July. Congress passed the resolution on July 7 because of the deadlock over the issue of sub-parity grain sales and funds for the Farm Security Administration in the $680,000,000 regular supply bill for the Department.

In signing the measure the President said:

"I am glad that this bill was finally approved by both Houses of the Congress without the prohibition against the sale of government-held stocks of feed grains, but I regret that the operations of a department so essential to our domestic and war needs should be left in such a predicament at this critical period in the nation's history."

The resolution gives the Agriculture Department about $56,000,000 to pay salaries and to continue its ordinary processes in the field during July but these funds will be deducted from the appropriation bill when it is finally enacted. In passing the measure, the House yielded temporarily to permit the sale of surplus grains at sub-parity prices this month, when it rejected by a 185 to 59 vote an amendment to write into the Senate's continuing resolution a ban on such sales.

The original appropriation bill has been deadlocked in conference for six weeks over failure to agree on the selling rate for surplus grains.

When the House passed the measure on March 13 it barred the sale of government-held grains at less than full parity prices but the Senate on May 20 voted permission for the sale of 125,000,000 bushels of surplus grain for feeding at 85% of parity.

Technically the Agriculture Department had been without funds since July 1, the start of the new fiscal year.

## Tomorrow's Markets Walter Whyte Says—

(Continued from page 173)

To the investor: Half your position should be sold on any further advances of say 2 to 3 points. The stocks you now hold are these: Air Reduction at 30 (now about 34) raise stop to 31. Half profits 35½ or better. Allis Chalmers at 23 (now about 26) raise stop to 23. Half profits at 27½ or so. International Harvester at 43 (now about 50) raise stop to 44½. Half profits 52 or better. And Union Carbide at 59 (now about 69) raise stop to 66. Half profits at 71 or better.

More next Thursday.

—Walter Whyte

*[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]*

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## Peace Is Only Return For Aid Sought By U. S.

With respect to what Americans want in return for Lend-Lease aid to their Allies, Dean Acheson, Assistant Secretary of State, said on July 6 that it is not gold or weapons or other goods, but "you want a chance to live fully and in peace." Mr. Acheson, speaking before the Institute of Public Affairs at the University of Virginia at Charlottesville, Va., went on to say:

"You want a world in which some half mad man and his bigoted crew on the other side of the earth will not bring down your lives and your houses about your ears once every quarter-century. You want opportunity, a job in which you can use your powers, a job which may not end any Saturday, one that will provide the material and spiritual means for a life which is not mere existence.

"You want a system where the inevitable hazards of life do not fall on those least able to bear them, where education and a chance to use it are open to talent.

"The mutual aid agreements concluded with Great Britain and other countries fighting the Axis open the way toward that kind of a world.

"They do not lay down a blue print for the future. No man can do that now. They do not promise Utopia. But they chart the fundamental course in the field of economic policy which, if faithfully followed and supported by political organization to maintain peace, cannot fail to take us farther along the road than in recent years it has seemed possible to hope.

"They provide for universal participation by all nations in the building of the new order — 'no exclusive arrangements, no excluded peoples among those who wish to work with us to the common goal.'

"They provide for united action by all nations to expand production, employment, and the exchange and consumption of goods, and they provide for 'the elimination of discriminatory treatment in international commerce and the reduction of tariffs and other trade barriers.'"

In his further remarks, Mr. Acheson, according to the Associated Press, pointed out that it is clear that after the war there will be an unprecedented need for the movement of goods between nations—to feed and clothe and house millions who have suffered from wartime shortages for years, to "restore devastation, to build and rebuild all the means of production, and, in the years beyond, to move that far greater volume of goods required by the standards we are determined to achieve.

"It is plain, also," he added, "that any such movement is utterly impossible if the nations or any important group of them continue to put impediments in the war, attempt to corner markets for themselves, or resort to devices of any sort to check the flow of goods and back it up upon its sources."

In the earlier portion of his address Mr. Acheson observed that the aid Americans give in this war no doubt will be greater than the aid they receive, because American resources are greater and the drain upon them has been less. But, he asked:

"Do you wish an accounting of benefits given and received on dollars, and set off against each other to measure a balance owed in money? Do you wish to set on one side the value of a tank, its guns and ammunition, and on the other side an appraisal of those who died in it under a desert sun? What is the equation between the planes sent to Russia and those figures in the snow before Leningrad and Moscow?

"Americans do not want that sort of accounting," he said, "or even to think about it very much.

"Neither do they want money—'more gold buried at Fort Knox.' They do not want money, 'because, of all settlements, we know that it is the most impossible and the most destructive.'"

And how about replacement in kind of the planes, tanks and guns sent to allies on all fronts?

"So long as the need exists," he said, "this, broadly, is the function of Lend-Lease from our allies to us. But when the need ends do we wish to require the continuation of armament production? Or if we require some arms, do we wish to rely upon others for them? This is the very opposite of American policy in the past, which has led the fight for the reduction of armaments."

## Record Farm Production

Signs continue to point at mid-year to a high record of agricultural production in 1942, the U. S. Department of Agriculture said on July 6. It was added that extraordinary production already has been achieved by the dairy, poultry, and livestock industries, and that similar achievements are expected by producers of most of the food and feed crops. Farmers are getting higher prices this summer than last. The Department further said:

"Farm income this year to date has been running above 1941 figures, but production costs are unusually heavy, particularly on account of higher wages. The farm payroll will total more than $1,000,000,000 this year. Experienced farm labor is not easy to get—especially in areas where war industries are drawing off labor.

"Farmers have reported a record spring pig crop of 62 million head, and plan a 43 million fall crop. The calf crop, estimated at 32 million, also sets a record. Slaughter of cattle and calves has been considerably larger to date this year than last and the total for 1942 will be close to the Government slaughter goal of 28 million head. Total meat supply—beef, pork, lamb, poultry, should be the biggest on record.

"Larger acreages of feed crops have been planted this year, but unusually good yields will be needed to exceed production in 1941. Feeders meanwhile have been dipping heavily into carryover stocks, and the total supply of feed—carryover plus new crops —may be a little smaller in 1942-43 than in 1941-42. A further increase in production of feed grains may be needed next year to support the record numbers of livestock on farms at that time."

## Army Controls Travel To And From Alaska

Strict military control over all civilian travel to and from Alaska has been established by the Army, effective July 11. A military pass is now required for any civilian entering or leaving the territory, under the first such order involving the Pacific area. It was stated in Associated Press advices from San Francisco on June 30 that:

> Lieut. Gen. J. L. DeWitt, head of the Western Defense Command, 4th Army and Alaska Defense Command, announced six reasons would be accepted for granting permits; official business of the United States government, definitely arranged legitimate employment, business reasons, return of bona fide Alaska residents to their homes, close domestic relationship and school interests.

## Sutro Bros. Co. To Admit

Samuel S. Goldberg and Lester Solomon will become partners in Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges, as of July 24th.

# UP-TOWN AFTER 3

**NEW MOVIES**

Last week I saw MGM's picture, **"Mrs. Miniver"** again. To the best of my recollection this is the first time I returned to see a movie unless a few years had intervened. Ordinarily I see a picture once, write about it, and then forget it. If I can't understand it the first time I let it alone. But **"Mrs. Miniver"** is more than just another ordinary film. It is a moving and compelling recital of events occurring in England that may some day occur here. Its characters are the small every day people who know little of wars and how they are fought. They are the kind of a people you and I know best. A small people devoted to their families and going about their usual tasks, thinking about the war, if at all, as something far removed from them. Yet because of its simplicity it has pathos without mawkishness; heroism without heroics. What made me see it again was not its story, which is far better than the book from which it was taken, but to hear again the simple sermon preached by Henry Wilcoxon as the vicar of the small church. It helps to answer why this war is so different from all previous wars. The scene is the church on a beautiful morning after a night of horror. Soft summer clouds can be seen through the torn roof. "We, in this quiet corner of England, have suffered the loss of friends very dear to us," says the vicar. "Some—close to this church. George West—choir boy. James Ballard, station master and bell ringer, and the proud winner, only an hour before his death, of the Beldon Cup for his beautiful Miniver Rose. And our hearts go out in sympathy to the two families who share the cruel loss of a young girl who was married at this altar only two weeks ago. The homes of many of us have been destroyed and the lives of young and old have been taken. There is scarcely a household that hasn't been struck to the heart. And why? Surely you must have asked yourselves this question. Why, in all conscience, should these be the ones to suffer? Children, old people, a young girl at the height of her loveliness. Why these? Are these our soldiers? Are these our fighters? Why should these be sacrificed? I shall tell you why. Because this is not only a war of soldiers in uniform, it is a war of the people—of all the people—and it must be fought, not only on the battlefield, but in the cities and in the villages, in the factories and on the farms, in the home and in the heart of every man, woman and child who loves freedom! Well, we have buried our dead but we shall not forget them. Instead, they will inspire us with an unbreakable determination to free ourselves and those who come after us from the tyranny and the terror that threatens to strike us down! This is the peoples war! It is our war! We are the fighters! Fight it, then! Fight it with all that is in us! And may God defend the right."

**NEW YORK NIGHT LIFE. . . . The Glass Hat in the Belmont Plaza (50th & Lexington)** unveiled its new show last week. As night club shows go this one isn't bad. At least it has speed. **Bill** Johnson, late of "Banjo Eyes," is the m. c. and sings in a pleasant baritone. Christine Forsythe tap dances acceptably though her fame rests on her towering proportions. She's six feet tall. Then there is the dance team of Castaine & Barry, who do a graceful bit of ballroom dancing. The hit of the current show is still the ever popular waiters who, billed as the Belmont Balladeers, get together in front of two microphones and sing spirituals with a zest and rhythm that brings the room down. Dance music comes from two orchestras—Bobby Parks and Joe Pafumy—who does the Latin numbers. . . . **FROM THE MAILBAG**—Ex-customer's man, **Russell Swann,** who found a lot more money in having them come to you "Uptown After 3" then downtown before 3, opens in New York at the Loew's State the week of July 23rd. His crazy kinds of magic will put you in stitches. . . . **Ray Block** writes about the man-about-town and his wife who were "childhood sweethearts." She was in her first childhood; he, in his second. . . . **Meyer Davis** tries to straighten out an unhappy marriage in which his fiddle player was involved. "Are you on speaking terms with your wife?" asked Meyer. "Well," replied the musician, "I listen." . . . About the Town—At the **Barberry Room,** that designer, **Walter Florell,** adjusts the top piece of one of his clients—**Marlene Dietrich. . . .** At **El Chico's,** waltzing star of the silents, **Mae Murray,** shows she can rumba, conga and samba for a full hour without sitting down once. . . . Tsk-tsk-tsk, such stamina. If your reporter walks around the dance floor once he's on the verge of collapse. . . . Songwriter **Bob Sour** strikes up a conversation with a sergeant. "You know," says the sergeant, "civilians are asked to pick up soldiers waiting for a ride. Well, I just picked up a civilian—she was nice too." . . . **Milton Berle,** who stars on the Phillip Morris Playhouse this Friday night in Charles Martin's radio adaption, "My Favorite Blonde," will make a tour of Army camps right after the broadcast. "I should be a hit on the soldier tour," he admits modestly. "After all, it isn't every comic who carries a handsome smile, a good baritone voice, a genial personality, a smart repertoire—and, oh yes, a line of six gorgeous blondes." . . . **Violetta Weems,** she was Miss Tennessee in 1939, and now is in the current **Havana-Madrid** floor show, has been chosen as the "Queen of the Mardi Gras" by the Coney Island merchants.

## Nelson With J. P. Marto

(Special to The Financial Chronicle)

BOSTON, MASS.—Charles Pelham Nelson has become associated with J. P. Marto & Co., 111 Devonshire Street. Mr. Nelson was formerly with F. L. Dabney & Co., and in the past conducted his own business in Boston.

## Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅜; low—14¾; July 15 price—35½.

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# Calendar of New Security Flotations

***Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.***

***These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).***

***Offerings will rarely be made before the day following.***

## THURSDAY, JULY 16

### EQUIPMENT FINANCE CORPORATION

Equipment Finance Corporation has filed a registration statement with the SEC for 5,000 shares of common stock, no par value

**Address**—Chicago, Ill.

**Business**—Short term financing etc.

**Underwriting**—No underwriter named

**Offering**—Issued prior to registration for cash and property 2,007 shares at $100 per share, and 2,993 shares are to be publicly offered at $100 per share

**Proceeds**—For trucks, land, building additions, improvements and garaging facilities

**Registration Statement** No. 2-5023. Form S-2. (6-27-42)

### NATIONAL SECURITIES & RESEARCH CORPORATION

National Securities & Research Corporation filed a registration statement with SEC for 1,211,500 shares of an aggregate offering price of $7,827,380

**Address**—120 Broadway, New York City

**Business**—Investment trust fund, open-end, diversified management type

**Underwriting**—Name of trust is National Securities Series. National Securities & Research Corporation is sponsor

**Offering**—At market

**Proceeds**—For investment

**Registration Statement** No. 2-5022. Form C-1. (6-27-42)

## SATURDAY, JULY 18

### CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

**Address**—9 Green Street, Augusta, Maine

**Business**—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

**Underwriting**—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

**Offering**—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

**Proceeds**—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

**Registration Statement** No. 2-5024. Form A-2. (6-29-42)

## SUNDAY, JULY 19

### EMPIRE GAS & FUEL CO.

Empire Gas & Fuel Co. has filed a registration statement with SEC for $21,534,800 3½% sinking fund debentures, due Jan. 1, 1962

**Address**—One Exchange Place, Jersey City, New Jersey

**Business**—Company owns securities of subsidiary and other companies together primarily engaged in substantially all phases of the petroleum and natural gas businesses in the United States other than retail distribution of natural gas. The company is not an operating company

**Underwriting**—Company has entered into an agreement with The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane, as dealer managers who have aided and are aiding in preparing the exchange offer and plan of recapitalization to form and manage a group of security dealers which shall include the dealer managers, for the purpose of obtaining agreement to exchange under the company's proposed exchange offer

**Offering**—Company is offering to the holders of its preferred stock (other than Cities Service Co.) the opportunity to exchange their preferred shares, with all dividend arrears thereon, for the 3½% sinking fund debentures now registered of an aggregate principal amount equal to the par value of their preferred shares and accumulated unpaid arrears thereon to Jan. 1, 1942. The basis of exchange per share of preferred stock, showing face amount of debentures to be received by each class of preferred stockholder follows: 8% cumulative $176.66; 7% cumulative $167.08; 6½% cumulative $162.29, and 6% cumulative $157.50

**Proceeds**—The debentures are to be offered for exchange to the preferred stockholders of the company.

**Registration Statement** No. 2-5025. Form A-2. (6-30-42)

## SUNDAY, JULY 26

### ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

**Address**—120 Cherry Street, Buffalo, New York

**Business** — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

**Proceeds** — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

**Offering**—The new debentures will be priced at 100 and accrued interest

**Registration Statement** No. 2-5026. Form A-2. (7-7-42)

## DATES OF OFFERING UNDETERMINED

**We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.**

### BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

**Registration Statement** No. 2-4975. Form S-2 (3-30-42)

Registration statement withdrawn July 10, 1942

### BREWSTER AERONAUTICAL CORPORATION

Voting trustees of Brewster Aeronautical Corp. filed a registration statement with the SEC for voting trust certificates for 566,551 shares of capital stock, par value $1 a share

**Address**—Address of voting trustees care of Arthur A. Ballantine, 31 Nassau Street, New York

**Business** — Manufacturer of airplanes and parts

**Proceeds** — Voting trust agreement between certain stockholders of Brewster and voting trustees executed as of May 20, 1942, expiring Nov. 20, 1944. Voting trustees: Arthur A. Ballantine, James G. Blaine and C. A. Van Dusen. Certain holders of Brewster stock, including James Work, owner of 100,000 shares, Alfred J. Miranda, Jr., owner of 16,667 shares, Ignacio J. Miranda, owner of 16,667 shares and F. William Zelcer, owner of 16,666 shares, or a total of 150,000 shares or about 27% of stock outstanding, have deposited their stock under voting trust. Pennsylvania Co. for Insurances on Lives and Granting Annuities, Phila., Pa., is depository for trustees

**Offering**—By its express terms, the voting trust agreement terminates on the 20th day of November, 1944. Due to censorship probably no specific information is contained in registration statement

**Registration Statement** No. 2-5018. Form f-1. (6-24-42)

Registration effective 5:30 p.m. EWT on July 13, 1942

### CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

**Address**—San Francisco, Calif.

**Business**—Engaged in the underwriting of fire, automobile and other forms of insurance

**Underwriting**—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

**Offering**—The common stock registered will be offered to the public at a price of $22 per share

**Proceeds** will be used for additions to capital and surplus

**Registration Statement** No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

### CAMILLA CANADIAN MINING CORP., LTD.

Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

**Address**—Toronto, Ont.

**Business**—Mining and milling

**Underwriting**—Enyart Van Camp & Co., Chicago, underwriter

**Offering**—Offering price is 25 cents per share, U. S. funds

**Purpose**—For development, exploration, equipment, milling plant and working capital

**Registration Statement** No. 2-5013. Form S-3. (6-15-42)

Amendment filed July 2, 1942, to defer effective date

### COLUMBIA GAS & ELECTRIC CORP.

**Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961**

**Address—61 Broadway, N. Y. C.**

**Business—Public utility holding company**

**Offering—Both issues will be publicly offered at prices to filed by amendment**

**Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co. a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947**

**Registration Statement No. 2-4736. Form A-2. (4-10-41)**

Amendment filed June 30, 1942, to defer effective date

### EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). No more than $30,000 principal amount of said bonds shall mature in any one year

**Address**—135 Kent Ave., Brooklyn, N. Y.

**Business**—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

**Underwriting**—No underwriter named

**Offering**—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

**Proceeds**—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

**Registration Statement** No. 2-5002. Form S-2. (5-27-42)

Eastern Cooperative Wholesale, Inc., in an amendment filed July 1 to its registration statement, states that bonds maturing 1944-1956 exclusive of 1950 and maturity date to be specified on face of each bond $50,000 is maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years.

Amendment filed June 29, 1942, to defer effective date

### FLORIDA POWER & LIGHT CO.

**Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment**

**Address—25 S. E. Second Ave., Miami, Fla.**

**Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida**

**Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement**

**Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment**

**Registration Statement No. 2-4845. Form A2. (9-17-41)**

Amendment filed June 26, 1942, to defer effective date

### HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

**Address**—Lancaster, Pa.

**Business** — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

**Underwriting and Offering**—Company is making a conditional offer to holders of its 32,054 shares of outstanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

**Proceeds** will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

**Registration Statement** No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed July 3, 1942

### HASTINGS MANUFACTURING CO.

**Hastings Manufacturing Co. registered with SEC 140,400 shares common stock $2 par value**

**Address**—Hastings, Mich.

**Business—Manufactures and sells piston rings and expanders**

**Underwriters**—Schroder, Rockefeller & Co., Inc., are principal underwriters Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

**Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders**

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

**Public offering price is $9.50 per share**

**Proceeds** to company will be used for general corporate purposes, including purchase of new equipment and for working capital

**Registration Statement** No. 2-4890. Form A2. (11-19-41 Cleveland)

Registration statement withdrawn July 10, 1942

### HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

**Address**—1140 Alspai St., Honolulu, Hawaii

**Business**—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

**Underwriting**—None

**Offering**—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

**Proceeds** will be applied to reduction of outstanding bank loans, aggregating $1,650,000

**Registration Statement** No. 2-4973. Form S-2 (3-30-42)

### HUNTER MANUFACTURING CO.

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

**Address**—Croydon, Pa.

**Business**—During two years ended Sept. 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

**Underwriters**—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

**Offering**—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

**Proceeds** will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

**Registration Statement** No. 2-4990. Form S-2. (4-23-42)

Amendment filed June 22, 1942, to defer effective date

Registration statement withdrawn July 11, 1942

### INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

**Address**—33 N. La Salle St., Chicago, Ill.

**Business**—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

**Underwriter**—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

**Offering**—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

**Proceeds** will be used for working capital

**Registration Statement** No. 2-4968. Form A-1. (3-18-42)

Amendment filed July 13, 1942, to defer effective date

### LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

**Address**—Dallas, Texas

**Business**—Company is engaged in the manufacture of pig iron and steel

**Underwriting** — No underwriters are named in registration statement

**Offering**—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

**Proceeds** will be used for working capital purposes

**Registration Statement** No. 2-4997. Form S-2. (5-8-42)

**Registration Statement** effective 5:30 p.m. EWT on June 17, 1942

### LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

**Address**—Coatesville, Pa.

**Business**—Steel manufacturer

**Proceeds**—Payment of bank loan

**Registration Statement** No. 2-5003. Form A-2. (5-29-42)

In an amendment filed by the Lukens Steel Co. covering the registration of $2,200,000 4¾% sinking fund debentures the underwriters and the amounts to be purchased are given as follows:

| Name | Amount |
|---|---|
| E. H. Rollins & Sons, Inc. | $874,000 |
| Allen & Co. | 600,000 |
| Pistell, Wright & Co., Ltd. | 186,000 |
| Stroud & Co., Inc. | 150,000 |
| Graham, Parsons & Co. | 100,000 |
| Biddle, Whelen & Co. | 100,000 |
| Vallance & Co. | 100,000 |
| Boenning & Co. | 50,000 |
| Bond & Goodwin, Inc. | 40,000 |

Offering price to the public will be 100 plus accrued interest from June 1, 1942.

### THE MEAD CORPORATION

Mead Corporation filed a registration statement with the SEC 8,000 shares of $5.50 cumulative preferred stock, Series B, with warrants for the purchase of common stock (Series of 1937) attached; 8,000 warrants for the purchase of common stock (Series of 1937) attached to certificates for $5.50 cumulative preferred stock, Series B and 97,200 shares common stock, without par value

**Address**—Chillicothe, Ohio

**Business**—Present business in which the company and its subsidiaries are engaged consists of the manufacture and sale of products falling into three main groups, namely, white papers, chestnut corrugating and other paperboards, and wood and bark extracts for tanning

**Proceeds** — To acquire all outstanding stock of Escanaba Paper Co.

**Underwriting**—This offering is not being underwritten

**Offering**—The company offers to all holders of first preferred stock, irrespective of series, and all holders of common stock of Escanaba Paper Co. one-half share of the company's $5.50 cumulative preferred stock, Series B, with warrants for the purchase of common stock (Series of 1937) attached, and 4½ shares of the company's common stock, without par value, for each share of Escanaba preferred stock, and 1/10th share of the company's common stock, without par value, for each share of Escanaba common stock, in each case with all dividends paid or payable thereon during the period of the offer. Statement notes that 24,000 shares of the common stock registered will not be separately offered, but are reserved for issuance solely in satisfaction of the warrants for the purchase of common stock

**Registration Statement** No. 2-5019. Form A-2. (6-25-42)

**SONOCO PRODUCTS COMPANY**

Sonoco Products Company filed a registration statement with the SEC for $1,000,000 serial debentures, $1,000 denominations, maturing serially, in amounts of $30,000 on July 1, 1943, and on first day of each July thereafter until and including July 1, 1966; the remaining $280,000 maturing July 1, 1967. Debentures of July 1, 1943, will bear interest of 1.5% and of July 1, 1944, 1.75%, with interest rate increasing fractionally on succeeding maturities and amounting to 4.25% on July 1, 1967, maturity

**Address**—Hartsville, S. C.

**Business**—Company is engaged in the manufacture and sale of paperboard, tissue paper, paper cones and tubes and other paper products, as well as in the manufacture and sale of impregnated and special tubes for the electrical and allied trades

**Underwriting**—The names of the underwriters and the amounts underwritten are G. H. Crawford Co., Inc., Columbia, S. C.; R. S. Dickson & Co., Inc., Charlotte, N. C.; McAllister, Smith & Pate, Inc., Greenvile, S. C., and A. M. Law & Co., Spartanburg, S. C., each for $250,000

**Offering**—Offering price to the public will be at face value or principal amount thereof, plus accrued interest on the debentures from July 1, 1942

**Proceeds**—Of the proceeds $670,820 will be used for additional working capital and $294,350 for retirement of outstanding 5% cumulative preferred stock of registrant—of which $290,000 is outstanding—callable at 101½

**Registration Statement** No. 2-5021. Form A-2. (6-26-42)

**SOUTHWESTERN PUBLIC SERVICE CO.**

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

**Address**—Dallas, Texas

**Business**—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

**Underwriting**—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

**Offering**—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

**Proceeds** from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

**Registration Statement** No. 2-4981. Form A-2. (3-31-42)

Amendment filed June 30, 1942, to defer effective date

**STANDARD AIRCRAFT PRODUCTS, INC.**

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

**Address**—Dayton, Ohio

**Business**—Company manufactures and develops aircraft products, etc.

**Offering**—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946, $62,000; and debentures maturing 1947, $65,895

**Underwriting**—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. R. N. Webster may be an underwriter

**Proceeds** of $48,105 (1943 maturity) will be used for working capital

**Registration Statement** No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Standard Aircraft Products, Inc., has filed an amendment to its registration statement which modifies the offering terms of the statement as originally filed. The 1943 maturity ($48,105) will be offered to the public at 100.50. The other maturities will be offered in exchange for 33,586 shares of $7.50 par 40 cents cumulative preferred stock on a par for par basis, and may be resold through underwriters as follows: 1944 maturity at 100; 1945 maturity at 99.50, 1946 maturity at 99.00 and 1947 maturity at 98.00

Amendment filed June 9, 1942, to defer effective date

**UNION ELECTRIC CO. OF MISSOURI**

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

**Address**—315 N. Twelfth Blvd., St. Louis, Mo.

**Business**—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

**Underwriting**—Dillon, Read & Co., New York, is named the principal underwriter Names of the other underwriters will be supplied by amendment

**Offering**—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

**Registration Statement** No. 2-4940. Form A2 (2-2-42)

**Union Electric Co. of Missouri,** on Feb [illegible], 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of **Feb. 26, 1942**, page 846

Amendment filed July 6, 1942, to defer effective date

**UNITED GAS CORPORATION**

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

**Address**—2 Rector Street, New York City

**Business**—Production and sale of natural gas; part of Electric Bond and Share System

**Underwriters**—None

**Offering Terms**—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

**Proceeds**—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

**Registration Statement** No. 2-4760, Form A-2 (5-15-41)

**United Gas Corp.** filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on **Feb. 16, 1942**. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed June 29, 1942, to defer effective date

**UNION LIGHT, HEAT AND POWER COMPANY**

**Union Light, Heat and Power Co.** registered 25,000 shares $100 par common stock

**Address—4th & Main St., Cincinnati Ohio**

**Business — Operating electric utility company**

**Underwriter — Columbia Gas & Electric Corp.**

**Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.3 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.**

**Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs**

**Registration Statement No. 2-4379. Form A-2.** (3-30-40)

Amendment filed July 6, 1942, to defer effective date

**WEST INDIES SUGAR CORP.**

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

**Address**—60 E. 42nd St., New York City

**Business**—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

**Underwriters will be named by amendment**

**Offering**—The shares registered are already outstanding, and are owned by City Company of New York, Inc., in dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

**Proceeds will be received by the selling stockholders**

**Registration Statement** No. 2-4923 Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

# Investment Trusts

(Continued from page 175)

*Union Trusteed Funds, Inc.:*

In a special eight-page *R. & M. Report* dated July 1, 1942, the "Improved Outlook For Utility Securities" is discussed. Securities of particular interest in this field are listed as:

(1) Medium grade bonds of utility operating companies now selling 16% below 1936 average prices, and

(2) Utility holding company bonds now selling at 15% below 1936 average prices.

The point is made that: "The investor in medium-grade operating company and holding company bonds at today's price levels can secure a good income return and have attractive appreciation possibilities. The present low prices of bonds of this type present an opportunity to make such an investment."

The Report is accompanied by a covering issue of the *Union Dealer* dated July 10, 1942, in which it is pointed out that the current portfolio of Union Bond Fund "B" is weighted in favor of medium-grade utility bonds. The portfolio of the "B" Fund is presently comprised of the following categories:

| | |
|---|---|
| Utility Operating Company Obligations | 22.2% |
| Utility Holding Company Obligations | 36.3 |
| Railroad Obligations | 31.2 |
| Industrial Obligations | 10.3 |
| Total | 100.0% |

In commenting on this diversification the *Union Dealer* states that: "This emphasis on utility obligations does not mean that UBB is essentially a utility bond fund—it means simply that the utility weighting is high in order to reflect the outlook. In the same way, UBC is a speculative bond fund, and not specialized as to industry, although an unusually bright rail outlook has been reflected by a high weighting in rails."

* * *

*Hare's, Ltd.:*

In a little folder dated July 3, 1942, and entitled "America Has Only Begun to Fly," this sponsor challenges the reader to catch the vision of the future of our aviation industry. Made up mostly of excerpts from statements by recognized aviation authorities, the folder contains one quotation from a highly unusual source for this field of applied science. The quotation is from Alfred Lord Tennyson and runs as follows:

"For I dipt into the future, far as human eye could see,
Saw the vision of the world, and and all the wonder that would be;
Saw the heavens filled with commerce, argosies of magic sails,
Pilots of the purple twilight, dropping down with costly bales."

* * *

*Boston Fund, Inc.:*

The July 3 issue of *Brevits* contains the record of a $1,000 investment in Boston Fund from March 15, 1932, through June 30, 1942. The combined results include $551 in dividends from investment income, $585 in capital gains distributions, and a current net value of $1,128 for the investment. In total, the combined results from the $1,000 investment for the 10-year period amounted to $2,264.

* * *

*Calvin Bullock:*

"Many Changes Ahead" is the title of the July 9, 1942, issue of Calvin Bullock's *Bulletin*. The amazing developments of American science under the forced draft of war and the changes that they will bring in our way of life are touched upon. The *Bulletin* continues:

"This is exciting to contemplate, of course. But for those who invest, it presents yet another major problem. The more radical the changes in manufacturing processes and products, the more radical the effect upon corporate securities.

"For example, who can predict to what extent plastics will replace metals, or light metals replace heavy metals? And which companies will profit, which lose out? Over 80% of the shipments of the auto industry in April were war equipment. Does this presage a permanent increase in their manufacturing activities not directly related to automotive transportation?

"How much will air borne freight replace railroad freightage? How far will synthetics replace natural raw materials?

"This is but a small segment of the type of the changes to consider. We know they are coming, but we don't yet know the form they will take, or the effects they will have.

"To safeguard against these changes will call for constant vigilance on the part of investors to watch, to analyze and to comprehend the effects on different industries and corporations. It will take time. It will take skill and training.

"The trend has already started. The war has pushed it into high gear. So it is not too early to recognize its possibilities and to take steps to share constructively in it.

"This situation constitutes, in our opinion, one of the major reasons for securing the services of competent investment management and for adhering to the principle of carefully distributed risk, both of which may be obtained conveniently and economically through purchase of shares of diversified, management investment companies."

# New AIB Committee Chairmen Announced

Appointment of chairmen and members of the national committees of the American Institute of Banking is announced by David E. Simms, A.I.B. National President, who is Acting Assistant Manager of the Salt Lake City, Utah, branch of the Federal Reserve Bank of San Francisco.

Chairmen of the various committees are:

Budget Committee—George T. Newell, Vice President, Manufacturers Trust Co., New York City; Chapter Administration Committee—P. A. Doyle, Central Bank, Oakland, Calif.; Debate Committee — William T. Dunn, Bank of America, N. T. & S. A., San Francisco.

Departmental Conference Committee—Edward F. Gee, State-Planters Bank and Trust Co., Richmond, Va.; Educational Advisory Committee—C. Edgar Johnson, First National Bank of Chicago; Forum and Seminar Committee—George E. Levine, Providence Institution for Savings, Providence, R. I.

Membership and Enrollment Committee, Harper R. Clark, First National Bank, Baltimore, Md.; Nominating Committee — William C. Way, Central National Bank of Cleveland; Program Committee—David L. Colby, Boatmen's National Bank, St. Louis.

Publicity Committee—Anne J. Erste, Federal Reserve Bank of Cleveland; Public Relations Committee—John D. Arthur, Society for Savings in the City of Cleveland; Public Speaking Committee—George A. Rogers, First National Bank of Boston.

Research Committee—G. Fred Berger, Norristown-Penn Trust Co., Norristown, Pa.; Transportation Committee—William C. Pitner, American Trust & Banking Co., Chattanooga, Tenn.; Women's Committee — Marion G. Rehfuss, Corn Exchange National Bank & Trust Co., Philadelphia.

# Coordinating Wage-Hour And Public Contracts Acts

The goal of having the same minimum wage and the same set of learner and handicapped regulations both under both the Fair Labor Standards Act and the Public Contracts Act has been brought one step nearer by action taken by Secretary of Labor Frances Perkins and L. Metcalfe Walling, Administrator of the Wage and Hour and Public Contracts Divisions, United States Department of Labor, it was announced on July 2. Prior to this time there have been different wage rates and different learner regulations, under these two Acts, for what is actually the same industry. This situation has been, in large measure, remedied by the announced action, says the Wage-Hour Division in New York of the Labor Department, which on July 2 added:

"The wage determination issued by Secretary Perkins, effective July 20, raises the prevailing minimum rate of pay in the cotton garment and allied industries from 37½ to 40 cents an hour under the Public Contracts Act. The industries subject to the order have been defined to conform more closely to the Wage-Hour definition of the Single Pants, Shirts, and Allied Garments Industry, the Sportswear and Other Odd Outerwear Division of the Apparel Industry, and the Women's Apparel Industry.

"The determination states that wage orders issued under the Wage and Hour Law for branches of the apparel industry have had the effect of establishing 40 cents as the prevailing minimum hourly rate of pay in the cotton garment and allied industries. Bringing the minimum rate under the Public Contracts Act into line with the wage orders issued under the Wage and Hour Law and applying the same learner and handicapped worker tolerances to the industry are thus in keeping with the Adminisrator's policy of coordinating standards between the two Acts.

"The amended learner regulations, now for the first time applicable under both Acts, require employers to list learners, in a separate group on the payroll and to keep records of any experience the learners may have had within the previous five years. Special learner regulations issued for the Single Pants, Shirts and Allied Garments, Women's Apparel, Sportswear, Rainwear, Robes and Leather and Sheep-Lined Garments Divisions of the Apparel Industry provide for the employment of learners in certain occupations at subminimum rates between 25 and 32½ cents an hour.

# Bicycle Rationing Begun

The Office of Price Administration announced on July 2 that beginning July 9 bicycles would be rationed to persons needing them in their work or for transportation to their jobs. The order provides for the release of an estimated 240,000 bicycles now in the stocks of dealers, distributors and manufacturers. The War Production Board froze sales on April 2. United Press, Washington, advices of July 2 said:

"Persons in gainful occupations or in work which contributes to the war effort or to public welfare will meet the primary eligibility requirements for a purchase certificate.

"An applicant must show, however, that he needs a bicycle at least three days a week; that he must travel quickly or often to deliver merchandise or messages or in doing other work, and will be better able to do so by bicycle than by walking or using public transportation facilities."

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### Geo. Rea Named Pres. Of Drexel Institute

George P. Rea, who recently resigned as first paid president of the New York Curb Exchange, has been elected president of Drexel Institute of Technology in Philadelphia and will assume his duties of administrative direction August 1.

Mr. Rea was elected first president of the Buffalo Stock Exchange in 1928. In 1931 he became president of the Bishop National Bank of Honolulu with which he was associated for seven years. He was later associated for two years with Goldman, Sachs & Co. in New York City and in 1939 was elected the first paid president of the Curb Exchange, during his term of office effecting substantial economies in its operations.

Drexel Institute offers courses in engineering, business administration, home economics and library science and for many years has maintained a department of military science supplemented by the Reserve Officers Training Corps.

### New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Richard A. Cunningham has withdrawn from partnership in Craigmyle, Rogers & Co., New York City, as of June 30.

Frank F. Walker retired from limited partnership in Eastman, Dillon & Co., New York City, effective June 30.

Chester S. Fairgrieve, member of the Stock Exchange, retired as of June 30 from Libaire, Stout & Co., New York City, which continues as an Exchange member firm.

### SEC Extends Exemptions

The Securities and Exchange Commission announced today that it had taken action to extend for six months the operation of the conditional exemption to Rule X-10B-2. That exemption, which was announced on Feb. 6, 1942, was designed to permit national securities exchanges to try out a system of special offerings as a means of improving the market in the securities comprised therein. The exemption originally was to expire on July 31, 1942. This action will extend it to Jan. 31, 1943, unless the Commission otherwise determines.

**Eagle Lock Co.**

**R. Hoe & Co.**
**COMMON**

**United Piece Dye, pfd.**

**Boston & Maine, 1st pfd.**

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### Our Reporter On "Governments"

(Continued from first page)

**HOW TO DO IT**

On the 2% issue, just sold, the premium was small. . . . At this writing, it's hanging around 1/8 point, surely not much of a stimulus to subscriptions. . . .

But, on subscriptions up to $25,000, allotments in full have been made. . . . Because of the size of this $2,000,000,000 offering and the certainty of more multi-billion dollar flotations every month, you can expect much higher allotments than ever before. . . . In fact, you can look for allotments ranging from 50 to 70% and maybe, to an even higher figure as time goes on. . . .

A quarter-point on a large amount of bonds is worth a lot more than a point or more on an infinitesimal amount of securities. . . . That's obvious. . . . Surely, the spreads are narrowing. . . . Of course, the profit on each issue is down to a minimum. . . . But if you can get a lot of bonds and make a few 32nds on each block, you'll come out way ahead at the end. . . .

To summarize then:

**(1) As each new issue comes along, sell your old ones—the ones bought a month or more back—for they will have been stabilized and achieved a comfortable place in the market—and buy a new block of bonds. . . .**

**(2) Subscribe on the basis that you'll get 50 to 75% of your request, but also with the understanding that you have a real bottom at par—because of the support of official authorities—and that you have a good chance of taking a 1/4 to 1/2 point profit within four to six weeks. . . .**

**(3) Keep yourself on your toes, figure on "turning over" your portfolio three to four times during the year, watch the market as closely as possible. . . . To put that another way, find yourself a good dealer and direct him to confer with you as each new issue date approaches. . . .**

**THE LAST ONE**

You'll notice the absence of any talk about patriotic subscriptions in this discussion. . . That has been done purposely, for this time, we're talking about the development of new trends in the Government market, about the ways you can handle your bank or institution (which is fast becoming an investment trust) most profitably over the next few years of concentration on Government financing. . . .

There is money to be made today—real money—even though it can't be made as "fast" as in the past. . . . At the moment, most bankers and corporation executives are unaware of the developing opportunities in new issue activities. . . . But in Wall Street, the professionals are waking up. . . . And soon, maybe within a half-year, all your neighbors will be playing this market as they did on a smaller scale in 1938 and 1939. . . .

The last issue of 2s was a disappointment. . . . The maturity was too short, indicating the timidity of the Treasury and its desire to avoid the trouble of appealing to institutions other than banks. . . . The market had been primed for a longer-term bond, perhaps a 2⅛ or a 2¼ at the minimum and perhaps a 2½ at the maximum. . . . The failure of Morgenthau to take advantage of that build-up stimulated the long-term list anew and now we should get a long-term in August. . . .

Morgenthau has announced the reopening of the taps, as predicted here, but this plan may be changed by the comments of bankers and dealers now being questioned as to their preferences or by war developments. . . . Anyway, look for a bond in August. . . .

**INSIDE THE MARKET**

As a result of last week's $2,000,000,000 borrowing, public debt is up to $80,000,000,000 mark. . . . Do you know what that figure means? . . . Well consider the meaning of $1,000,000,000. . . . If you had one billion and started counting it at the rate of $100 a minute, 48 hours a week, it would take you 66 years to finish the counting. . . . Now consider the $80,000,000,000! . . .

Dealers disappointed in last week's issue, but expecting big days ahead—if they can last through the dull period. . . . Forecast is that as debt rises toward the $200,000,000,000 level, price fluctuations will be held within a one-point range by the Treasury and Reserve authorities. . . . by that time, banks will be primarily investment institutions. . . .

One source forecasts 90% of banking system's funds will be in use for the Government by 1944. . . .

Only time to sell allotments or bonds out of portfolio is on a rally. . . . Don't try selling in dull market or on minor decline, for Federal Reserve is likely to be only buyer. . . . You must be nimble these days or don't try to trade at all. . . .

Action on Treasury in keeping books open 48 hours on the 2s caused most subscribers to hold off until second day in order to check price level. . . . Didn't accomplish much. . . .

Open market purchases of Governments by Reserve Banks are running at peak rate. . . . $180,236,000 bought in week ended July 8, bringing total holdings to $2,908,674,000. . . . Previous high was $2,826,000,000 recorded Sept. 30, 1939. . . . Action not only supporting market directly but indirectly by resultant expansion in excess reserves. . . .

### Nay, Kane & Stephens Join Ryan-Nichols Co.

CHICAGO, ILL. — Leston B. Nay, formerly vice president of Webber, Darch & Company, and Vincent T. Kane and Donald B. Stephens, both formerly with Fuller, Cruttenden & Co., have become associated with Ryan-Nichols & Co., 100 South La Salle Street, James E. Day, president, announced.

Mr. Nay was with Halsey, Stuart from 1921 to 1933 and from 1933 until now has been with Webber, Darch & Company. He recently assisted in organizing the War Bond Pledge campaign for the Treasury Department as one of the representatives of the Joint Committee for War Finance for the Investment Industry.

Mr. Kane and Mr. Stephens have long been prominent in trading circles on La Salle Street, and were associated with Fuller, Cruttenden & Co. for more than ten years. Their activity in general markets has made them well known in all parts of the country. They will manage all phases of trading for the firm and will maintain markets in a general line of securities.

### H. Wilson Named V. P. Of Field, Richards

CLEVELAND, OHIO — Hamilton Wilson, formerly in charge of the Cleveland office of Smith, Barney & Co., has been elected a Vice-President of Field, Richards & Co. of Cincinnati and Cleveland, it is announced.

Mr. Wilson has been connected with Smith, Barney and its predecessor firms since 1916, when he entered the bond department of the Guaranty Trust Co. of New York. In 1926 he was elected Second Vice-President of the Guaranty Company of New York, where he remained until 1934 when Edward B. Smith & Co. took over a substantial part of the personnel of the Guaranty Company. He became a partner of Edward B. Smith & Co., and when that firm merged with C. D. Barney & Co. in 1938, he continued with the enlarged firm.

Field, Richards & Co. was organized in 1908 and has been actively identified with financing in the central west. The firm has worked closely with Smith, Barney & Co. over a period of years.

Officers of Field, Richards will be Reamy E. Field, Cincinnati, President; Arthur H. Richards, Cleveland, Vice-President; Hamilton Wilson, Cleveland, Vice-President; Charles H. Richards, Cincinnati, Vice-President and Secretary; Russell J. Olderman, Cleveland, Vice-President and Treasurer, and Robert H. Hall, Cleveland, Assistant Secretary and Assistant Treasurer.

### Stevenson With Abbot

Donald K. Stevenson has become associated with Henry W. Abbot, 30 Broad Street, New York City, and will be in charge of the municipal department. Mr. Stevenson was formerly manager of the sales department of R. A. Ward & Co., Inc., was in charge of the municipal bond department of Fitzgerald & Co., Inc., and served in the same capacity with G. M.-P. Murphy & Co.

### C. J. Chamberlin Is Now With Blyth & Co., Boston

BOSTON, MASS. — Carey J. Chamberlin has become associated with Blyth & Co., Inc., 75 Federal Street. Mr. Chamberlin was previously with Smith, Barney & Co. Prior thereto he was for seven years manager of the bond department of Townsend, Anthony & Tyson and was connected with the First Boston Corporation.

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### Financial Leaders To Confer With SEC

The first of a series of joint discussions between the securities industry and the Securities and Exchange Commission will be held on Monday (July 20) at the headquarters of the SEC in Philadelphia. Ganson Purcell, Chairman of the Commission, on July 13 asked various groups to attend the meeting in pursuance of his recent proposal for a "joint exploration of the problems confronting the securities industry and the commission."

Among those invited to attend are Emil Schram, President, New York Stock Exchange; Edgar Scott, President, Philadelphia Stock Exchange; James F. Burns, Jr., President, Association of Stock Exchange Firms; Andrew C. Reid, President, Detroit Stock Exchange; John S. Fleek, President, Investment Bankers Association of America; Wallace H. Fulton, Executive Director, National Association of Securities Dealers, Inc.; and Marshall R. Barbour, President, Pittsburgh Stock Exchange.

Mr. Purcell's suggestion for collaboration was made in his talk on June 16 in Philadelphia to the Governors of the Association of Stock Exchange Firms; referred to in our issue of June 18, page 2289. At that time he said it was the joint responsibility of government and private interests of bringing the financial economy of the nation through the present emergency to a sound post-war footing.

### SEC Rule On Returns To Inv. Co. Affiliates

The Securities and Exchange Commission on July 8 announced the adoption of a rule relating to the remuneration which may be received by an affiliated person of a registered investment company acting as broker in connection with over-the-counter sales of securities to, or by, such registered company or any controlled company.

In the absence of any Commission rule, Clause (C) of Section 17 (e) (2) of the Investment Company Act of 1940 limits the remuneration which may be received from any source by such an affiliated person acting as a broker in any over-the-counter transaction of 1% of the purchase or sale price. Generally speaking, the new rule is designed to permit affiliated brokers in effecting over-the-counter transactions in securities to receive remuneration equal to the minimum commissions prescribed by national securities exchanges with respect to similar transactions effected on such exchanges. The remuneration, where a broker represents both purchaser and seller in the same transaction, however, may not be greater than the minimum commission prescribed for either a purchase or a sale.

### I. Newton Perry Dead

I. Newton Perry, for many years prominent in Chicago investment circles, died recently at the age of fifty-six.

Final Edition
THURSDAY
In 2 Sections – Section 2

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## Pending Bill Would Result In Eliminating Private Interests From Farm Mortgage Field

A direct Federal farm mortgage lending system handling all farm loans in the country and eliminating all private interests from the field would result from enacting the proposed Fulmer Bill (H. R. 7091), it is declared in a special report issued on July 6 by the Farm Loan Committee of the Mortgage Bankers Association of America. The report was released by Frederick P. Champ, Association President, and is signed by S. M. Waters, Minneapolis, Committee Chairman. The committee made an exhaustive investigation of the measure seeking to reorganize the Federal farm credit system. The new Fulmer bill is a revision of the original measure which the Association and many other banking and farm organizations had vigorously opposed. The announcement from the Association says:

"The new bill means that the Federal Land Banks actually would no longer be banks but would become agencies of the Farm Credit Administration in a system of Federally-operated farm mortgage financing, the report said. All stock of the banks and the National Farm Loan Association would be retired at par for cash. These banks, without capital or stockholders, will depend entirely on government appropriations for guaranty funds.

"The National Farm Loan Associations, the report pointed out, will have no fixed income except an ⅛ of 1% from total business and would become merely branch offices or correspondents of the Land Banks."

According to the announcement "present farm borrowers making up membership of the Associations would have no stake in the new system. Future farm borrowers would risk nothing to cover possible losses except the membership fee." It is added:

"Losses will be determined annually and each Association is liable for but 50% of the losses on its business and then only to the extent that special distribution of profits and dividends from the banks and from memberships received in that year will meet that share of the loss.

"The inequities of this plan of

(Continued on page 192)

## FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

It is a strange commentary on the Washington propagandists, who are making their money in that new and well-paying industry which has burgeoned in this country—worrying about the complacency of the American people—that the case of a fellow named Elklund has been absorbing the interest of all Washington, war managers and civilian population alike. He was being tried for sniping and killing six colored people. He had been arrested, and hailed in the local press as the "sniper" but nobody paid any attention to the case until one day he escaped, handcuffed, as he was being returned to the District jail. In the meantime, the jury returned a verdict—it so happened a verdict of second degree murder. A Washington paper blazoned the headlines—Elklund jury in; Elklund still out.

That fascinated people. They turned their minds from the war, and the conversation hereabouts, from high officialdom on down, dealt with whether he had been captured or not. Over a period of three days the fortunes of Mr. Elklund held the local newspaper headlines. There is the impression that the Administration was just about moved to say something about it because the question of race was involved. The Administration has been making quite a play of race. Only a few days before Paul McNutt, adopting the party line, had made a speech to a Harlem gathering, saying that it was an "utter outrage" that although Negroes were fighting for our country they were being denied opportunity in industry, and that he and the Administration intended to see that they got this opportunity.

Well, to appreciate the irony of this, you have only to realize that it was concentrated industry's seeking of cheap labor in the early century and its bringing in of Eastern European immigrants, that now has largely to do with the condition we are in. The complaint, as we have always understood it, is that industry looks upon labor as a commodity, a situation that organized labor has not lessened—and that it seeks to buy cheaply. Now, to hear that industry is discriminating against cheaper labor, that it is discrimi-

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## Notice To Our Readers

**Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.**

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## THE FINANCIAL SITUATION

It is indeed a sorry spectacle that the nation is obliged to witness in the halls of Congress in this year of our Lord, 1942, when the whole world is locked in a deadly struggle from which we ourselves could well fail to emerge unscathed. All the wincing and relenting and refraining, all the petty squabbles over patronage, all the small-minded efforts to get into or to keep in the good graces of the "folks back home," and all the apparent callousness to urgent national problems which even in ordinary times are the curse of election years are startlingly in evidence on Capitol Hill today. It is no less than a national disgrace. It is precisely the sort of thing which tends to discredit democracy, which nonetheless continues to be the by-word of Congressional oratory. Members of the national legislature have on more than one recent occasion shown keen resentment when commentators have had uncomplimentary remarks to make about their conduct, but their own defense has usually left their standing among thougthful citizens worse instead of better. The pension and the gas rationing episodes did nothing to help matters. The utter inability of these lawmakers to attend to public business in a workmanlike manner at a time like this is, however, worse than any of the other failings which have been apparent of late, worse indeed than all the others together.

### A Disheartening Record

It is disheartening enough to find the President of the United States and his close associates and advisers wasting their energy in local political feuds and conflicts, but there is in these episodes, which have been all too plentiful of late, relatively little neglect of public duty at a time when our future calls for a united effort to bring this horrible conflict to an early and successful close. The case of Congress cannot be so lightly dismissed. Consider its recent record in such important matters as taxation, price control, and the management of government stocks of commodities which should never have been acquired. As to taxation, Congress has had before it for heaven knows how long a program prepared for it by the Treasury. Committees in both houses have been stewing and fretting over these proposals and others, and accomplishing almost exactly nothing

(Continued on page 187)

## Praise From Caesar

*During this calendar year the factories of the United States will turn out war goods of one kind or another to a value of approximately $45,000,000,000. Next year I expect that that figure will rise to $70,000,000,000 or $75,000,000,000, at current prices.*

*In this great program a major role had been assigned to the automotive industry. Contracts for rather more than $8,000,000,000 worth of war goods had been placed with this industry by the end of April this year; more than $5,000,000,000 of that total were placed after Pearl Harbor.*

*Yet that is little more than a beginning. When the peak rates of production are reached under present plans this industry will be producing war goods at a rate of approximately $12,000,000,000 a year. This is three times as large as the industry's estimated 1941 sales of $4,000,000,000, and it will represent approximately one-sixth of the entire war production effort of the whole United States.*

*Those are amazing figures, and I think that every one connected with the automotive industry is entitled to feel a great deal of honest pride in the fact that such great reliance can be placed upon this industry in our time of national peril.*
**—Donald M. Nelson.**

**This is indeed praise from Caesar—and well deserved. Remember the days of the Reuter Plan, and all the rest?**

## WPB Reorganized; New Deputies Appointed

Donald M. Nelson, Chairman of the War Production Board, announced on July 8 a realignment of the WPB designed "to tie the economic and military strategies more closely together and to make more effective the board's determinations of policies and programs governing the flow of materials."

Mr. Nelson said that under the reorganization the WPB will keep a balance of the allocation of available supplies of materials between the armed forces and the civilian economy.

He revealed that, except for the smaller plants, the country had completed its industry conversion in the war effort and that the major task now is production since the "tooling-up" period is over.

William L. Bath and James S. Knowlson were appointed Deputy Chairmen of the WPB by Mr. Nelson. Mr. Bath, who was Chairman of the Requirements Committee, will act as Mr. Nelson's "chief of staff," while Mr. Knowlson, former Director of Industry Operations, will have charge of the production program development work.

All of the operational work—including the industry and material branches, appropriate bureaus and the field organization—is brought together under a Director General of Operations. This post was given to Amory Houghton, formerly Deputy Chief of the Bureau of Industry Branches.

Mr. Nelson said that the reorganization has the following five objectives:

"Clear the decks to make controlling and expediting the flow of materials the Board's central effort.

"Bring the Board into closer touch with military and international productuion requirements, and increase the Board's activities in over-all war production strategy.

"Strengthen the "topside" policy, programming and progress-reporting organization of the WPB.

"Concentrate the operating parts of the WPB under one head and put increased emphasis on the work of industry and commodity branches.

"Lighten the administrative load upon the chairman so that he can devote his time to essential policy decisions and to the increasingly important relations of the WPB with the other war agencies."

## Opposes Steel Wage Rise

President Roosevelt at his press conference on July 7 was reported to have indicated his disapproval of a general wage increase for workers in the "Little Steel" industry. The President said that such a wage rise would be a factor in increasing the cost of living and hence would conflict with his anti-inflation program.

The War Labor Board has the case under consideration. A fact-finding panel recently expressed its approval for a $1 a day wage increase asked by the CIO's United Steel Workers.

## OPA Subpoena Power

Price Administrator Leon Henderson on July 7 granted OPA regional administrators power to sign and issue subpoenas in rationing investigations.

The action, it is said, will permit OPA to require concerns being investigated to produce books, records and other physical evidence, as well as company officials.

*Editorial—*

# Framing the Great Alibi

From the outset the fight against inflation, such as it is, has been maladroit and one-sided. Recently, when it also began to be apparent that the fight might fizzle completely, the Administration's leaders began to lay the ground for their alibi, and decided to pick the goat to blame for the failure. Congress won the nomination. Not until the American public understands this fundamental fact will it grasp the full import of all the fulmination against Congress recently indulged in by Leon Henderson, and even by the President himself.

It is necessary that the public understand that Congress is not solely, or even chiefly, to blame for the inadequacies of the anti-inflation fight. This is essential not only in the interest of fair play, but also because it is not too late even now to frame a sound policy that would avert much of the danger of inflation.

Congress does rightly deserve blame for failing to enact sound fiscal measures, and for its blind insistence upon the high-priced policies of the selfish and unseeing farm bloc. But it is even more to be blamed because it has been gulled by Administration strategy. At least twice it has allowed Henderson and the President to jockey it into the position of seeming to be the only foe, the only obstacle to a successful rout of the inflation menace.

The first occasion when this happened came during the debate on the price control law. Most students branded this law inadequate and unfair when it was first introduced. Yet when the farm bloc began its greedy fight for even higher prices than the measure would have allowed, public attention shifted from the many deficiencies in the bill, and the Administration to a great extent was able to implant in the public mind the thought that Congress was holding up the fight on inflation.

Henderson has set the same trap for Congress in the current debates over the appropriation for the OPA, and Congress again seems likely to fall for the bait. Actually, Congress had a good case against the Henderson fund request, one that could have been successfully defended before the Nation's voters. The public would not have sympathized with the army of 60,000 or 100,000 "snoopers" which Henderson wished to saddle on the Federal payroll. Too, the public probably would have sided with Congress in disapproving of the Henderson plan for subsidizing businesses pinched by the OPA general price ceilings. They would have believed that such subsidies would have handed too great a control over business into the hands of the Price Director.

But Congress was unable to keep the debate focused on these crucial issues. Instead, the voracious farm bloc seized upon the appropriation bill as one more occasion to boost farm prices at the expense of the consumer and attached a rider to give the Secretary of Agriculture veto-power over Henderson's actions. This gave Henderson an opportunity, which he immediately seized, to shift attention from the issues of a bureaucracy of snoopers, and the subsidy issue to the question of fair prices for the consumer.

Thus, Congress continues to let issues slip from its hands, mainly because it allows the farm bloc a free rein, and as a result it seems likely to become the scape-goat for the failure of the anti-inflation fight. Actually, even the briefest of summations will show that it is the Administration which must and should bear the blame.

Certainly, the Administration at no time has ever presented to Congress a program that could fairly be expected to avert inflation. And on some occasions when Congress seemed about to take a step that would have helped immeasurably to win that inflation fight, the Administration stepped in and blocked the action.

As a case in point, consider taxes. The real cause of inflation is the excess of purchasing power, over and above the diminished volume of goods available for consumption. Henderson figures that this excess, or "inflation gap," will amount to $17,000,000,000 in 1942, and Jesse Jones has just estimated that the excess might reach the startling total of $30,000,000,000 in 1943.

Easily the most effective method of sopping up this excess to keep it from forcing up prices is the imposition of heavy taxes upon the sources of the excess, which means taxes upon wages and salaries of war workers, and upon profits of war industries. While the Administration has endorsed heavy taxes upon business, it has steadfastly opposed taxing the wage earners. Only its opposition prevented enactment of the sales tax which so many authorities consider the only effective method for reaching the lower-bracket beneficiaries of war spending. Nor has it ever supported a payroll deduction tax upon the lowest incomes (although the Treasury has favored payroll deduction for taxes upon present income tax payers).

Similarly the Treasury has persistently refused to endorse any other method of absorbing the excess of purchasing power in the hands of workers, such as compulsory investment in war bonds. It has maintained this position even when it was patent to many critics that voluntary bond sales would not absorb half of the 1942 inflation gap.

What is far worse, the Administration was at the same time granting wage demands to war workers that tended to widen the inflation gap and aggravate the problem. Its refusal to oppose the wage demands of the unions, its opposition to the enactment of a freezing law applicable to wages are factors explaining why the farm bloc could continue to demand that "farmers get theirs also."

In fact, even the actions of the farm bloc leaders in Congress trace back to the Administration. It was the Administration, not Congress, which decided farm prices must be raised early in 1941. It was the Administration, not Congress, which first introduced the technique of boosting farm prices by the crop loan method, a method which was used in 1941 at the urging of the Administration. It was only after the farm bloc seized upon the ideas and techniques of the Administration to seek 100% of parity instead of 85%, and then 110% and 120% instead of 100%, that the Administration parted company with the bloc.

Yet in pushing these demands, where did the farm bloc gets its inspiration? In the spring of 1941, the unions obtained a 10% wage increase, with the aid and encouragement of the Administration. And in the spring of 1942 they came back for a $1 a day further rise. If the anti-inflation fight did not bar these wage boosts, why should it bar successive boosts in farm prices?

Look at each hole in the inflation dike and you will see an Administration failure. Each error of omission and commission by Congress can be traced back and laid to the Administration's door, to its failure to adopt a fair, and all-inclusive program, a program that requires wage earners to sacrifice their increases, farmers their premium prices and businessmen their profits, which calls for taxes that will soak the increased incomes and not just merely pile new burdens upon business. If Congress had insisted upon such a program at the outset, and if it insisted upon it now, it could make the Administration the goat of the inflation fight.

But if the legislators ignore this major issue and play the game of the greedy farm bloc they will probably be identified in the public mind as responsible for the failure of the inflation fight—and they will be held liable at the polls.

## Price Rise Preferable To Subsidy Policy

In answer to the query as to whether or not there is any difference between paying subsidies to an industry which is adversely affected by rising expenses, and letting the price of the industry's product rise, Dr. Lewis Haney, Professor of Economics at New York University, had the following to say recently in the columns of the New York "Journal American":

"From the beginning of scientific economics the leading economists have opposed subsidies. No better criticism has ever been made than that presented by the famous father of political economy, Adam Smith. The only defense of subsidies has come from economists who represent backward or decadent nations and industries. These have vainly argued that by giving crutches to their weak industries, those industries could learn to walk.

"Such an argument, however, is like the argument for our pump-priming. Unless you create conditions of supply and demand that are favorable, the expenditure will never be more than a temporary and costly stimulant.

"Originally, the OPA proposed to 'roll back' the burden of fixed retail prices till it fell on the manufacturer. Then if the manufacturer couldn't bear it he might be subsidized. Congress opposed this policy, and it was not adopted. But the Administration has kept after its scheme, and not long ago Senator Brown of Michigan introduced a bill for it. Now Congress seems to have become somewhat more friendly to the proposal. Such industries as oil, sugar, and clothing have been especially in mind.

"In the first place, note that subsidies do not help to prevent 'inflation.' They merely change the form of inflation. Instead of paying higher prices for, say clothing, we pay higher prices for the Government activities in subsidizing the clothing manufacturer. In one case, the price rises enough to cover the increased costs of production, and you and I pay when we buy a suit or coat. In the other case, our taxes are raised and we are forced to give or lend more money to the Government so that it can pay large subsidies to producers who can't make money at lower fixed prices.

"In the second place, the subsidy does not 'hit the spot' as the price rise does. Everybody who is a taxpayer or bondholder has to bear the cost of the subsidy. Only those who are buying the particular product bear the rise in its price.

"Accordingly, the subsidy policy does not tend to establish any equilibrium between production and consumption. It promotes costly production. It encourages wasteful consumption.

"It is like the New-Deal 'social security,' only this time the 'relief' would be given to the enterpriser. Businessmen, however, should be the last to fall for such paternalism.

"The subsidy policy means a further injection of politics into business affairs. If we want to win this war, be military experts, direct the fighting and let business men direct business."

# Sees End Of Luxuries Here By Close Of Year

Secretary of Agriculture Wickard declared on July 6 that "by the end of this year it will be difficult for citizens of the United States to purchase any luxury goods—or, for that matter, anything beyond the essentials of living." Mr. Wickard went on to say that "taxation is heavier, credit facilities sharply curtailed and citizens are asked to buy War Bonds instead of luxuries."

Speaking before the Second Inter-American Conference of Agriculture at Mexico City, Mr. Wickard cited war sacrifices being made in the United States listing among these stoppage of production of automobiles, tires, electric refrigerators, washing machines, radios, vacuum cleaners and other electrical devices, as well as nonessential consumer goods containing steel, rubber, copper, tin, nickel, aluminum and other critical metals. The Secretary stated that "we must increase production despite shortages of labor, farm machinery and fertilizer," and added that these valuable assets cannot be wasted on nonessential or surplus crops.

The serious economic problem now facing the Western Hemisphere, Mr. Wickard said, is that the pre-war surpluses of wheat, cotton, coffee and other basic crops are increasing, while there are deficits of other agricultural products. He said ways must be considered to alleviate this problem.

Secretary Wickard further declared:

"For economic reasons also we must continue our efforts to deal with surpluses. Movement of many items will be curtailed, even though markets are still theoretically open. The limiting factor is shipping. We are rationing sugar in the United States, although there is sugar in this hemisphere to meet our normal requirements plus a large part of the needs of Britain and Russia. The sugar is available, but there are not enough ships. Movement of coffee and bananas is becoming more difficult. Wheat is piling up in Argentina, and the United States.

"This difficult shipping situation is not primarily caused by sinkings. Ships have been lost but the greater loss has been in shipping efficiency. Ships move at much slower speeds in war zones. Cargo handling at ports is more difficult. Many merchant ships have been diverted to transport duties, moving troops and maintaining supply lines. Every change in war strategy means a change in ship movements.

"I see no likelihood that the shipping situation will so improve in the year ahead that we will be able to move anything but the essentials. Shipping authorities must grant priorities on the basis of war needs. There will be a rising volume of tonnage available, but the new ships will be used to move ever-larger quantities of war materials and ever-larger numbers of fighting men. They will be used to increase our striking power and thus hasten victory."

In conclusion Mr. Wickard said:

"In planning for the future, let us think in terms of increases rather than curtailment. Production of surpluses is wasted energy in wartime, chiefly because there are so many deficits. There are deficits in peacetime as well. As agriculturalists, our objective should be to divert our labor, our capital, our machinery and the fertility of our land to production of the commodities most needed.

"In planning for a post-war agricultural economy, we cannot overlook the nations of Europe. It will be some time after the war before they can resume full-scale production, for their lands have been wasted, their machinery and draft animals taken from the land, their livestock herds and poultry flocks greatly reduced. The immediate problem when the war ends will be relief; the nations of this hemisphere will be able to prevent large-scale suffering and starvation by prompt action. The plans for action should be ready.

"But relief is only an expedient; reconstruction is the chief problem. It seems to me that we should be able to make some recommendations as to the nature of that reconstruction.

"The design of European agriculture since 1919 did not encourage peaceful trade. Great efforts were made to make Europe self-sufficient in essential foodstuffs. Wheat, for example, was produced on land better suited to other uses, and protected by high tariff walls to keep out lower-cost wheat from abroad. The people of Europe paid more for their bread, and were unable to buy enough of the protective foods their land could have produced. The problem of surpluses will be lessened if the post-war economy encourages production of the crops to which each production area is best suited. The result will be a sounder world agriculture and trade, and a better living for the people of all the producing countries."

# Real Estate Survey Finds Prices Rising

War conditions have decreased real estate turnover, but selling prices for real estate are higher today than they were a year ago in more than half (56%) of the cities of the country, and the trend is expected to continue, according to the 39th semi-annual survey of the real estate market, compiled by the National Association of Real Estate Boards. In only 8% of the cities surveyed has the war, it is noted, in draining away normal business, brought a price drop. Defense areas, which now include most of the large cities, have the best story, all along the line, says the Association which says that there real estate prices have advanced in 64% of reporting cities, are under last year's level in only 4% of the cities. The survey covers 301 urban areas. Made from confidential reports of local member boards of the Association, it finds this situation at the end of half a year of war:

"The real estate price rise has been a median of 10%.

"War restrictions have narrowed the volume of transfers. While in 57% of the cities turnover is at least as heavy as it was a year ago, the rate has decreased in 43% of the cities, and significantly, in 41% of the defense areas.

"Demand for single-family dwellings has become greater than the supply in 64% of the cities of the country, and in 71% of the defense areas. This is in many ways the most significant fact uncovered.

"Apartment space is not so tight. However, an undersupply of apartments is reported in 52% of all the cities of the country, and in 61% of the defense areas.

"As a result of tire, auto and gas bans, near-in urban residential areas are beginning to experience a lift in real estate prices. The price job is observable in 78% of the very largest cities, and in 44% of all defense areas.

"Usable industrial space is still available in 74% of the cities reporting and in 73% of defense areas, but there is need for remodeling or reconditioning industrial space in 44% of defense areas.

"The private home building industry, almost paralyzed for a time even for defense housing, in many localities, by the lumber ban, now modified, and by stoppage of FHA financing, relieved by recent amendments, is definitely ready and able to meet the demand for war housing, if given its promised chance, where dwellings will be permanently needed. This the local boards emphatically report.

The Association further reports:

"Retail business space, affected by the ban on sale of various civilian goods, is somewhat in excess of current demand in 45% of the cities of the country and in 38% of defense areas. An equilibrium between supply and demand is the happy situation in 57% of the areas. There is a shortage of business space, however, in 5% of the cities of the country, both in defense and nondefense areas.

"Office space is in equilibrium in 56% of defense areas. There is some surplus square footage in about a third of the cities, but on the other hand a shortage has sprung up in 10% of these defense areas. For all the cities of the country, 39% report oversupply, 8% are short.

"The outlook for the next six months is dominantly for further rise in real estate prices, the survey finds, but the turnover will probably continue to decrease. Higher prices are predicted as war's effect on real estate in confidential reports on 42% of the cities of the country, 57% of the largest cities, and 46% of defense areas. Prices at least as high as the present level are predicted in 90% of the cities of the country, and in 92% of defense areas.

## New Consular Office

The State Department at Washington announced on July 4 that a consular office will be opened in Mombaza, Kenya, East Africa. It will be in charge of Ralph Miller of New York, who is at present second secretary of the Havana (Cuba) Embassy.

# THE FINANCIAL SITUATION

*(Continued From First Page)*

for a long while. Now that modifications have been made which apparently are expected to take some of the political curse from the measures, and versions advanced in each house, comes word from Washington that "sentiment" in Congress for doing nothing at all until after the elections is growing.

### Henderson vs. Congress

For weeks on end a feud has been stewing between Leon Henderson and both branches of Congress. It is not yet clear how nearly Mr. Henderson will come to obtaining what he wants either in terms of funds or in freedom of action in attempting to regulate prices. We can well understand why any intelligent and conscientious Congress would be reluctant to do what Mr. Henderson demands, and we still cling to the hope, if nothing more, that sound motives at some points at least have been responsible for the difficulties that he has had and is having with Congress. Nothing is to be gained, however, by shutting the eyes to the utter lack of constructiveness in the attitude and the actions of Congress in this matter, or to the many reports, apparently well authenticated, that one of the difficulties has lain in Henderson's failure to play the patronage game according to the usual political rules. The difference between the amount of money Mr. Henderson is demanding and whatever he finally fries out of Congress is not the difference between constructive action on the issue involved and unworthy action. Neither would omission of the special provisions some of the *soi disant* friends of the farmer would insert into the measure render any bill now in contemplation sound and acceptable to thoughtful patriots.

### Agricultural Controversies

The controversies which so long deferred the regular agricultural appropriations that stop-gap legislation became necessary were certainly not of a sort to reflect credit upon Congress. On the contrary, the chief objective of legislators appeared and still appears to be currying favor with those agriculturists, or their organization leaders, who would wring a profit out of the war—precisely the type of action so heatedly condemned by these same farmers and their friends when taken by other groups in the population. Nowhere at any time has Congress shown any earnest disposition to proceed constructively with the problems which past sins —its own as well as those of the Administration—have brought into being. The truth is that in most recent instances thoughtful observers, if compelled to pass judgment, would have been obliged to give a verdict in favor of the Administration as concerns these agricultural issues—and that is certainly no compliment to Congress.

### Unheeded Opportunity

What Congress somehow appears to be constitutionally unable to understand is that rarely if ever has opportunity been so great for real statesmanship in any of these or related fields, and that, if the American people are half as ready in these troublous times as we suspect they are to follow sound and vigorous leadership, members of that body who must face the electorate this autumn have consistently overlooked the surest way of winning those votes concerning which they appear so anxious. Neither the Treasury nor any other office, organization or individual of influence has presented a tax program, for example, which even approaches the needs of the times. More men are employed in this country than ever before in our history, and they are earning more than they ever did in their lives before. What a source of much needed revenue from the very sources most likely to breed that "inflation" that both Congress and Mr. Henderson so much fear! Yet no serious effort has been made in any quarter to tap it. The field is, and has been right along, wide open for any member of Congress, or any group in Congress to prove himself or themselves statesmen of the first order of merit, and, we believe, to win the confidence of the American people. So also with matters that have to do with price fixing. Congressmen apparently fear rising prices as they do the plague, yet they must be aware that any scheme of holding prices rigidly down in defiance of violent economic forces must end in fiasco or worse. The trouble seems to be that no one has either the acumen or the courage to take the steps which lessen the strength, so far as may be, of the forces generated by artificial war conditions, and certainly no one has had the temerity to point to the obvious truth that rigid control of virtually all prices, even if successful, carries with it dangers of the first order of magnitude.

As to agriculture, the record of Congress has been unspeakably bad. Its chief idea apparently has been to "get something for the farmer," and since Pearl Harbor much of its attitude has been little less than a stench in the nostrils of thoughtful men with the good of their country at heart. Even the Administration, which has always gone far enough in all conscience to make friends of the farmers, has had the good sense to see that the situation has changed, and that this is most certainly not the time for the farmers, or their political allies, to attempt to get the last farthing from the public. How we do need a forceful, constructive leader somewhere who is willing to call a spade a spade in discussion of agricultural questions. What an opportunity many a member of Congress has missed and is still missing!

It is this utter incompetence of Congress which made possible the rise of the New Deal with all of its madness. The people were starved for bold leadership, and once it was provided, even though it was false leadership, they were irresistably attracted to it, and since Congress was wholly wanting in this respect, it naturally sank into the pit in which it now mills about. The United States Senate was once, acording to Lord Bryce, the greatest deliberative body in the world. It may be that before we again are able to develop sound leadership in public affairs we shall have to do something quite radical about Congress—even unto revolutionary changes in the ways in which members are selected.

# The State Of Trade

Business activity showed only a slight contraction during the holiday week. The Edison Electric Institute reported a 1% decline in electric power production for the week ended July 4th, compared with the previous week, although output continued well above comparable 1941 figures.

Total distribution for the week was 3,424,188,000 kilowatt hours, compared with 3,457,024,000 the previous week and 2,903,727,000 a year ago according to the Institute.

Carloadings for the week ended July 4, were 753,855 cars of revenue freight. This was a decrease of 99,586 cars, or 11.7%, compared with the preceding week, an increase of 13,496 cars, or 1.8% compared with a year ago, and a decrease of 116,686 cars, or 18.3% compared with 1940.

Betterment in the scrap situation and completion of furnace repairs on some units accounts for a rise of 1.4 points in steel production this week to a rate of 99.1% of capacity, against 97.7% last week, the American Iron & Steel Institute announced. The current rate indicates an output of 1,683,300 net tons for the week, against 1,659,600 a week ago and 1,572,900 tons in the like 1941 week.

One of the chief problems which will confront the steel industry in the next six months is that of obtaining sufficient skilled labor, "The Iron Age" asserted in its mid-week survey. Despite efforts taken so far by the Government to keep essential production workers in their jobs, the magazine reports, industry is becoming more concerned each week over the drafting of sometimes irreplaceable labor.

"While draft boards have acknowledged the vital part played by various craftsmen in steel and other industries, other boards have shown less discretion and have taken key men for the services," the survey observes.

Engineering construction awards for the week totaled $401,603,000; the second highest weekly value ever reported. It was also the second highest week of the year. The all-time record to date, $434,955,000, was established in the week of May 7 of this year.

This week's total is 84½% above the preceding week's total and 34% above the corresponding high week of 1941 which totaled $298,718,000.

Retail trade improved slightly this week under the influence of clearance promotions and more favorable weather conditions, but still lacked the drive of buying in the earlier months of the year the weekly review of Dun & Bradstreet, Inc., reported. Buying in the wholesale markets was conservative, in marked contrast to last summer's rush to accumulate inventories.

Retail trade this month may not show much of a dollar gain over the same month last year, observers state. For one thing, sales during July of last year were gathering considerable momentum as consumers began to spend heavily in anticipation of shortages and excise taxes. The Federal Reserve Board index of department store sales rose to 115% of the 1923-25 average in July and then went to a record of 134 in August.

It is stated that gasoline rationing on the Eastern seaboard is cutting down shopping trips. The more rigorous credit terms are reducing hard goods sales even where supplies are still available. Furthermore, the forthcoming freezing of many charge accounts will tend to restrict buying.

Surveys made by a number of retail organizations indicate that as many as 15 to 20% of all charge accounts are likely to be frozen. As consumers pay off these accounts, their purchases of other goods will tend to be restricted, observers state.

The trend of insolvencies which has been steadily downward in recent months, is likely to be reversed over the next several months, informed observers believe. The rate of business failures has now declined to a near-all time low.

Failures during June, for example, were at the rate of 46 out of every 10,000 concerns in business, according to Dun & Bradstreet, Inc. This compared with a rate of 45 out of every 10,000 registered during January, the lowest rate since the depression years.

Expectations of a higher rate of insolvencies are based directly on the likelihood that a large volume of small manufacturing concerns that cannot be fitted into the war effort will face liquidation over the next several months. War Production Board officials are expressing skepticism as to the number of concerns that can be brought into the war effort by the Smaller War Plants Corporation. Legislation now being considered would help tide over some concerns. The speed with which this legislation is passed will have a good deal to do with the rate of insolvencies later in the year, it is believed.

The extent to which war production now dominates industrial activity is indicated by a Federal Reserve Board estimate that almost 50% of the board's industrial production index is now war production.

A further sidelight on what has been happening to the nation's economy is the estimate that war production, in terms of points in the total index, rose from 32 to 88, whereas civilian production declined from 127 to 92. This reveals both the sharp expansion in war production and the dramatic shrinking in civilian goods production.

Wrangling continues over the price control effort. The Senate action in restricting OPA control over food prices, if enacted into law, will deal a serious blow to the entire anti-inflationary program, informed observers state. This action by the Senate following on the heels of House action to withhold operating funds from the OPA, indicates an apparent attempt by Congress to wreck the price control effort.

It is pointed out that food costs constitute about 30% of the wage earner family's budget. Consequently a rise in food costs is reflected promptly in living costs. A rise in living costs would of course, increase pressure by organized labor for higher pay, thus imperiling the present price structure, it is pointed out.

The restrictions on control of food prices are held to be more dangerous to the price control program than the withholding of operating funds. If Congress withholds funds, the shortage presumably can be made up from the President's Emergency Fund or through the use of volunteer workers. It is asserted, however, that curtailment of the OPA's power over processed foods would push prices up.

## Military Court Opens For Nazi Saboteurs

President Roosevelt on July 2 appointed a military commission of seven generals to try eight alleged Nazi saboteurs who were recently arrested after landing from submarines on the coasts of Long Island and Florida.

The Military Commission, headed by Major General Frank R. McCoy, convened in Washington on July 8 and began its proceedings. Although the trial is secret members of the press were permitted to inspect the courtroom at the fourth day's proceedings (July 11). Counsel for both sides stated to the Commission on July 10 that the great volume of evidence to be introduced was expected to prolong the trial. The President directed that the prosecution be conducted by Attorney General Francis Biddle and Major General Myron C. Cramer, the Judge Advocate General of the Army, and that counsel for the defense be Colonel Cassius M. Dowell and Colonel Kenneth Royall.

Besides Major General McCoy, those named to the military commission are, Major Gen. Walter S. Grant, Major Gen. Blanton Winship, Major Gen. Lorenzo D. Gasser, Brig. Gen. Guy V. Henry, Brig. Gen. John T. Lewis, Brig. Gen. John T. Kennedy

It is believed that the death penalty will be sought by the government.

Mr. Roosevelt on July 2 also issued a proclamation "denying certain enemies access to the courts of the United States," explaining that "the safety of the United States demands that all enemies who have entered upon the territory of the United States as part of an invasion of predatory incursion or who have entered in order to commit sabotage, espionage or other hostile or warlike acts, should be promptly tried in accordance with the Law of War."

## Finds Public Suffers From 'Fear' Phobia

"The greatest and strongest nation in all history" is suffering from "fear" complexes, Walter D. Fuller, Chairman of the Board of the National Association of Manufacturers said on July 2 while addressing the National Education Association Convention at Denver, Colo. "The polls show that a high percentage of people do not have enough solid faith today in our way of life to face the tomorrow of 'after the war' with courage and confidence," said Mr. Fuller, who added that "it is this fear of the future that is the last remaining bottleneck of all-out war production." He continued, "It is this fear that after we have licked Germany and Japan we will find that we in turn have been licked by a bigger than ever depression. It is fear that the production line of today leads only to the bread line of tomorrow. It is fear of the ghosts of idle men and idle plants and idle money.

"If we could banish this economic fear from the minds of the American people, we would break our own amazing records in production of the tools of victory, and we would have half of the battle of the post-war era already won."

When describing the "hidden power in our democracy and freedoms" with which to combat the fear for the future, Mr. Fuller said:

"It is power to accomplish miracles. There is hidden power in freedom of opportunity in America, the freedom to experiment, explore, invent and adventure that no coddling under superstatehood can begin to match. There is hidden power in our freedom of press which knits the pattern of national unity and progress through truthful information and common understanding that no Gestapo can marshal and no Goebbels can destroy. There is hidden power in freedom of enterprise which constantly batters at the frontiers of new products, new methods and new opportunities."

A six-point program "to the end that we win the wars against Fascism and depression" was suggested by Mr. Fuller. He called upon industry and education to cooperate:

"1. That everything which will contribute to an American victory in this war be given a clear green signal.

"2. Since a program of post-war prosperity will encourage war production now and aid in winning the peace, such a program should be encouraged in every way that does not interfere with our victory effort. Especially should our esential freedom be safeguarded in this war to preserve freedom and democracy so that they may be our strength and hope in the future.

"3. That since the problems of the post-war period depend upon the solution of social and economic problems, cooperative effort of educators and industrialists and other groups be encouraged and continued.

"4. That the vital functions of education in the American way of life, both during the war and thereafter make mandatory adequate public financial support for educational institutions.

"5. That since maintenance of democratic principles depends upon the teaching of the necessity for preserving our freedoms, industry should offer all possible aid to educators in the furtherance of their program.

"6. That future prosperity depends largely upon acceptance of the principle of unfettered, abundant, competitive production combined with aggressive selling and marketing and that a broader understanding of the fundamentals of our economy be developed. That in fostering such an understanding, every effort be made to discourage false doctrines of economic control and planning as well as legislative actions which would weaken the power of our freedoms."

## AEF Is To Get Lend-Lease Supplies

The War Department announced on July 5 that lend-lease operations have been expanded to permit cashless acquisition of services, facilities, equipment and supplies by United States Army forces from the governments of foreign countries in which they are located. United Press, Washington, advices of July 6 said:

"New regulations set up machinery to carry out what is described as "lend-lease in reverse."

"Instead of making purchases from foreign firms and individuals through regular market channels, Army representatives abroad will deal directly with representatives of foreign governments.

"These governments, it is expected, will undertake to supply as much of the needs of the American forces as they can within the limits of their ability as a matter of reciprocity under Lend-Lease arrangements.

"Thus it was expected the new arrangement largely will eliminate purchases by the Army directly from private suppliers abroad.

"Under the new regulations such items as are obtained from foreign governments will be inventoried and evaluated. Receiving units will send in regular reports to the Adjutant General of the Army and to the International Division of the Services of Supply. These transactions will be consolidated six times yearly and the foreign governments concerned will receive appropriate credits against their lend-lease accounts with this country.

"The new program is designed to bring about a more equitable distribution of the cost of war among the United Nations by what is in effect a big-scale barter system, and to save transportation by supplying as many requirements as possible from sources close to where American forces are serving.

"The new procedure is expected to simplify considerably bookkeeping detail in connection with foreign purchases and in many instances speed up supplies.

"It was understood certain phases of the program are still under negotiation with some of the foreign governments concerned.

"Heretofore, supplies and services obtained for American troops abroad from United Nations governments have been acquired against receipts issued to those governments but with no final disposition of the charges. Supplies and services obtained from private suppliers were commercial transactions wherein the U. S. Government made actual purchases and cash settlements, putting up dollar exchange to cover such items.

"Most supplies, of course, have been shipped from this country, including regular weapons, transport, clothing, equipment and much of the food.

"It is desirable from the standpoint of equitable distribution of war burden and to save shipping time and space to obtain everything possible locally, officials said."

## War Risk Insurance For Bank Funds Soon

War risk insurance protecting banks against losses in money and securities as a result of air raids or other enemy action, or defense operations of the United States armed forces, will in all likelihood be made available by the War Damage Corporation within the next month or two, according to the Insurance and Protective Committee of the American Bankers Association. In a letter sent by the committee to the Association's membership, it is pointed out that insurance against loss or damage to real estate on which banks hold mortgages, as well as banking premises, is now available through the War Damage Corporation. The letter suggests that banks interested in this type of war damage insurance should consult insurance brokers and agents, who will prepare applications for policies. Financial institutions in the coastal areas and other regions are requesting mortgagors to apply for and carry WDC insurance on mortgaged real estate, the letter states. "Whether mortgagees have the right to compel mortgagors to pay for such insurance depends upon the wording and intent of the mortgage agreement," it says. Should mortgagors decline to carry WDC policies, the committee points out in its letter, Rule 10 of the regulations of the War Damage Corporation provides banks with an opportunity to protect their mortgage interests. The letter says: "Under this rule, banks and other financial institutions may purchase blanket coverage to protect their interests in real estate mortgages, chattel mortgages held as collateral to consumer credit loans, and other property constituting collateral for commercial loans."

Although money and securities of banks are specifically excluded from insurance coverage under present regulations of the War Damage Corporation, the Association's Insurance and Protective Committee stresses in its letter the likelihood that insurance of these intangibles will be made available by the WDC as soon as conferences between representatives of the Committee and the Corporation's officials are concluded. The letter adds: "Such protection has been the subject of several conferences in recent months, and we believe it will be made available to interested banks."

The Committee's letter encloses a copy of the regulations, rules and insurance rates established by the WDC, for guidance of Association members who wish to secure war risk protection.

# President Says Sub-Parity Grain Sale Is Vital to the War Time Effort

President Roosevelt on July 3 entered the Congressional controversy relative to the Agriculture Department appropriation bill, concerning sub-parity grain sales and funds for the Farm Credit Administration, by stating that the only real issue involved is "whether the government should be free to use its feed resources to produce food for the wartime effort."

The House and Senate have been deadlocked for some time over the matter of permitting the sale of 125,000,000 bushels of wheat at 85% of corn for feeding purposes. The House farm bloc has been insisting on full parity price. On the question of FSA funds, the Senate voted $222,800,000 but the House only voted $127,000,000.

The President assailed "certain selfish and power-hungry groups" and declared that "pressure group tactics will not prevail" when the real issue becomes clear. The President, among other things, said:

"The approval of the Senate recommendations of the Farm Security Administration program are, in my judgment, essential to the nation's war effort. They are minimum."

Mr. Roosevelt gave his views in a letter to leaders of seven farm, labor and religious organizations who had written to him jointly on June 20 in behalf of the wheat proposal and in support of larger funds for the Farm Security Administration.

He also expressed confidence that, should resistance to these proposals persist, "the people will hold those responsible to strict account."

Copies of the President's letter were sent to James G. Patton, President of the National Farmers' Union; Murray Lincoln, Executive Secretary of the Ohio Farm Bureau Federation; William Green, American Federation of Labor; Philip Murray, Congress of Industrial Organizations; J. G. Luhrsen, Executive Secretary of the American Railway Labor Executives' Association; L. G. Ligutti, Executive Secretary of the National Catholic Rural Life Association, and Benson Y .Landis, of the Federal Council of Churches.

Mr. Roosevelt's letter follows:

In these dark days when the fortunes of war demonstrate more clearly than ever before the dependence of our fighting men upon adequate supplies, it is heartening to receive the letter of June 20 signed by you and six other leaders of farm, labor, and religious organizations asking help in giving all our farmers the equipment with which to produce enough food for victory and a peace that will endure.

The seven signatures on this joint appeal spell a new understanding and a new unity, born of war, among farmers, all three national labor organizations, and two great religious groups of men and women of good-will. Our fighting men need this kind of unity in support of them. As their Commander - in - Chief, I welcome it.

The authorization to sell some of the government's holdings of grain for feeding purposes at 85% of the parity price for corn is essential if the armed services and the civilian population are to be assured adequate supplies of pork, beef, milk, chicken, and eggs at prices that will neither break through the ceiling nor require excessive subsidies. The government will continue to assure fair prices to farmers for their products. Certainly, the government, organized for total war, must have the authority to deploy its resources promptly and in sufficient volume to speed victory. We have surpluses of grains; we have oncoming stringencies and shortages in certain meats, fats and oils.

The only real issue involved here is whether the government should be free to use its feed resources to produce food for the wartime effort. When this fact becomes clear I am certain that pressure group tactics will not prevail and that the action taken by the Congress will reflect the nation's needs.

To meet the nation's war food goals we must have the full-time employment of all farmers, big and little. I agree with your statement that they, as working farmers tilling their own land, should be given such support as is necessary to utilize their resources fully. They must be assisted to stay on the land and to have or to get a life's stake in it. This, the Senate recommendations for farm security administration loan authorizations and appropriations will do in a measure that, however inadequate, is infinitely better than the inadequate proposals that are being mistakingly urged on the Congress by certain selfish and power-hungry groups.

The approval of the Senate recommendations on the Farm Security Administration program are, in my judgment, essential to the nation's war effort. They are minimum. Quite properly, billions have been allocated for the financing of war industry, large and small. Similar balanced aid to make full use for war of our varied farm resources should not be denied.

You have asked me to take this issue to the country. I think that your excellent letter has done this in large measure. I will support and emphasize it at every opportunity. Should resistance to these proposals persist, I am confident that the people will hold those responsible to strict account.

The President on July 9 again called for speedy settlement of the Congressional dispute when he declared that the "matters on which agreement has not yet been reached embody the issue of more abundant production of the things we need."

In signing the "stop-gap" bill appropriating funds for the Department for July, the President issued a statement saying that "our war needs do not permit compromise or partisan discord" and that "we cannot afford to cripple any part of our productive effort with unnecessary legislative shackles."

The text of President Roosevelt's statement of July 9 follows:

I have just signed H. R. 7349 under which the Department of Agriculture appropriations are continued for the month of July. I am glad that this bill was finally approved by both Houses of the Congress without the prohibition against the sale of Government-held stocks of feed grains, but I regret that the operations of a department so essential to our domestic and war needs should be left in such a predicament at this critical period in the nation's history.

The Department of Agriculture is charged with the responsibity of giving leadership to the greatest agricultural production effort the country has ever known. Each day the part that food must play in the winning of the war becomes more apparent. The matters on which agreement has not yet been reached embody the issue of more abundant production of the things we need. Our war needs do not permit compromise or partisan discord on that issue. We cannot afford to cripple any part of our productive effort with unnecessary legislative shackles.

It is my earnest hope that the Congress will move quickly to an agreement on the major items in dispute in order that more adequate agricultural production may be achieved and maintained. Freedom to utilize our Government stock of grain in accord with the principles of the ever-normal granary is a necessary means to this end. This is no time to hamstring successful principles. Only thus can we insure increased production of live stock and dairy products so essential to our war needs.

My recommendations for the Farm Security Administration will enable underemployed farmers to produce more so that their production may be available for our war needs. The Senate provisions represent a minimum step in utilizing our farm manpower for increased food production.

# U. S. Consultants To Aid Free French

The State Department in Washington announced on July 9 that Admiral Harold R. Stark, Commander of United States Naval Forces in Europe, and Brig.-Gen. Charles L. Bolte, Chief of Staff of the United States Army in Europe, have been designated as this government's representatives to consult with the Free French National Committee in London on all matters relating to the conduct of the war. This action, further coordinating the common efforts of the United States and the Free French, headed by Gen. de Gaulle, was taken to make "cooperation more effective in the prosecution of the war." The announcement of the State Department said that this further collaboration is consistent with President Roosevelt's statement of last November, extending lend-lease aid to the miltary and naval forces of Free France and with the "policy of the United States Government in aiding all peoples who are resisting Axis aggression to maintain and uphold their own liberty."

A memorandum to Gen. de Gaulle, released by the State Department, made it clear that this step does not amount to diplomatic recognition of the Committee as the Government of France. On this point the memorandum said that "in pursuing the common war objective the Government of the United States will continue to deal with the local Free French officials in their respective territories where they are in effective control."

## Distillers Must Convert Plants to War Alcohol

The Nation's distilleries have been ordered to convert their plants by Nov. 1 to the exclusive production of industrial alcohol, needed for the manufacture of munitions and synthetic rubber. Matthew J. MacNamara, special assistant director of the materials division of the War Production Board, on June 16, told a meeting of representatives of the liquor producing interests at Louisville, Ky., that their quota would be upward of 200,000,000 gallons annually. It is estimated that their total present output of all spirits is about 600,000 gallons monthly.

Mr. MacNamara said machinery and equipment for the conversion had been located and its use authorized. Payment for the shift from liquor to industrial alcohol will be made by the Defense Plants Corp., a subsidiary of the Reconstruction Finance Corp., according to the Associated Press

Previous reference to plans for converting the liquor industry was made in these columns June 11 page 2213.

# Revenue Tonnage and Mileage Figures To Supplant Carloadings Data As Traffic Gauge

Because of heavier loading and longer haul of railroad cars in the last few months, revenue tonnage and revenue ton mileage figures now provide a more accurate measurement of the volume of railroad freight traffic than carloadings, Josph B. Eastman, Director of Defense Transportation, announced on July 1. Total carloadings for the first 25 weeks of 1942 showed a gain of only 6.7% over the same period last year. However all classes of freight with the exception of less-than-carload increased by an average of 13%, Mr. Eastman pointed out, while the l-c-l loadings declined 17.8% as a result of ODT's General Order No. 1 and of the railroads' efforts prior and subsequent to the May 1 effective date.

The order set a six-ton weight limit per car for less-than-carload freight, and provided for a step-up to an eight-ton minimum, effective July 1. A ten-ton minimum will be established Sept. 1.

Mr. Eastman pointed out specifically that railway analysts and observers should, as a result of the merchandise car savings, carefully scrutinize the weekly reports and distinguish between carload traffic loadings, and total carloadings which include the cars loaded with merchandise. Until a full year after May 1, he said, total carloading figure comparisons will be distorted.

During the 25 weeks ending June 20, less-than-carload freight used 3,194,811 cars, as compared with 3,885,072 in the first 25 weeks of 1941. The 1942 decrease of 690,261 cars, Mr. Eastman said, is due entirely to heavier and more efficient loading by the railroads. While the number of cars loaded dropped considerably, figures compiled by the Interstate Commerce Commission showed an increase of 16.9% in l-c-l tonnage originated during the first three months of 1942. Indications are that this increase is being maintained during the second quarter.

The Interstate Commerce Commission figures show the major railroads moved 576,211,670 revenue tons of all classes of freight in the quarter ended March 31, 1942, as compared with 478,521,196 moved in the first quarter of 1941, or a gain of 20.4%. Revenue ton-miles rose from 101,375,401,000 in the first quarter of 1941 to 132,028,605,000 in the comparable period of 1942—an increase of 30.2%.

On at least 60% of the 121 major railroads—the Class I systems—approximately 20% of all merchandise carloads had already reached the ten-ton limit, and almost 50% had attained the eight-ton loading by the end of May.

# Teamwork For Post War Reorganization

Discussing the need of organized teamwork to meet post-war complications, Anderson Pace, of Chicago, at the closing session of the National Conference on Industrial Real Estate in Pittsburgh on June 26 said:

"What are we going to do after the war to fill the industrial gap in those areas where raw materials have been used in tremendous quantities during the war, and where they may be used only in limited quantities after the war? What are we going to do about the workers who have migrated in large quantities from home and may return after the war? Teamwork of the right kind by national industries, Federal agencies, state agencies and trade, civic and business organizations of various kinds working together in parallel lines could solve these and other problems of post-war industrial transition. Preparation for such teamwork has already begun. Good coordination and good planning will be needed to bridge the transition whether or not industrial activity continues at a high level.

Mr. Pace, general industrial agent of the Illinois Central R.R. System, who is a member of the Illinois Development Council and consultant to like state bodies in Wisconsin, Indiana, Kentucky, Tennessee, Louisiana, and Mississippi, suggested that there be created an informal body that could "bring about the interchange of industrial information to the benefit not of Realtors alone but of the various zones of the country as a whole." Mr. Pace told of the development now of what he termed "shock troops" in local bodies located in Mid-Western and Mid-Southern communities which will provide a trained force ready to handle post-war complications resulting from dislocations of population and industry during the emergency war period. Indicating that such problems will have both important industrial and deep social implications, he analyzed from the point of view of permanent usefulness the agencies already at work on post-war planning. The convention was called by the Society of Industrial Realtors.

# State Tax On Land Taken By Military

Legislation providing for taxation by the States and their political sub-divisions of certain real property acquired for military purposes by the United States since January, 1942, was passed by the Senate on July 2 and sent to the House.

The real property acquired for general miltary purposes includes that taken over for fortifications, coast defenses, military camps, cantonments, proving grounds, training areas, bomb testing areas, and the manufacture of munitions.

Senator McNary of Oregon, the minority leader, said the bill "would merely relieve the distressed counties and States which heretofore collected taxes from the private owners." He explained that the bill follows the precedent heretofore set by Congress "not only during the last war but more recently with respect to the treatment accorded the District of Columbia by the Home Owners' Loan Corporation, the Housing Administration and the Reconstruction Finance Corporation." Senator McNary stated that "the burden would be thrown upon the Government to meet the county and State taxes, so as to enable the counties and States to continue the normal administration of their affairs."

The bill authorizes the taxation of such property at the rate previously charged against it.

## U.S., Brazil Extend Stabilization Pact

An agreement extending for five years the monetary stabilization pact between the United States and Brazil was signed in Washington on July 6 by Secretary of the Treasury Morgenthau and Minister Fernando Lobo, Charge D'Affairs of Brazil. The agreement extends to July 15, 1947, the stabilization pact entered into five years ago.

Under the extended agreement, the United States, according to the Associated Press, will make dollar exchange available to Brazil to stabilize the Brazilian milreis-United States dollar rate of exchange up to a total amount of $100,000,000 and will sell gold to Brazil as the Brazilian Government may request up to a total of $100,000,000. In the original agreement these two amounts were $60,000,000.

# Non-Agricultural Employment In Mid-May At New All-Time High, Labor Dept. Reports

Total civil non-agricultural employment increased by 327,000 from mid-April to mid-May, Secretary of Labor Frances Perkins reported on June 30. "The May total was 41,201,000, a new all-time high," she said. "It exceeded the previous peak (41,073,000 in December, 1941) by 128,000 and the level of May 1941 by 2,299,000."

Secretary Perkins further reported:

"A substantial portion of the increase from April to May was in manufacturing industries where a contra-seasonal gain of 76,000 workers reflected continued expansion in the war production industries. Contract construction showed a gain of 92,000, the May level exceeding all previous months since the fall of 1929. Increased employment on government projects accounted for this substantial gain; private construction showed a small decrease over the month interval, Federal, State and local government employment increased by 86,000 and there were increases of 40,000 in the transportation and public utilities group, and 38,000 in the group of finance, service, and miscellaneous industries. Employment in the group of mining industries showed a small gain, while wholesale and retail trade establishments combined reported a slight loss. Government restrictions affecting the sale of such items as automobiles, tires, electrical appliances, gasoline, lumber and plumbing and heating equipment accounted for the decrease in various lines of trade.

"The principal factor in the expansion of nearly 2,300,000 in non-agricultural employment over the year interval was the increase of 1,135,000 in manufacturing industries. Federal, State and local government services, contract construction, and transportation and public utilities also showed large gains, while a smaller increase was reported in the finance, service and miscellaneous group. In the remaining two major groups, trade and mining, there were declines of 80,000 and 7,000 respectively. A number of lines of both wholesale and retail trade have been seriously affected by the war program particularly automotive, while the sharp curtailment in oil well drilling accounts primarily for the decrease in the mining group over the year interval.

"The rise of 0.7% in factory employment between April and May was in contrast to a seasonally expected decline of 0.5%, while the corresponding increase in weekly pay rolls (3.2% or $11,300,000) compared with a typical rise of only 0.2% or about $700,000 for this time of year. The durable goods group of manufacturing industries, in which war production is chiefly concentrated, reported an employment increase of 1.7% (102,100) while the non-durable goods group showed a decrease of 0.6% (27,300).

Shortages of materials and layoffs in plants converting their facilities to war production continued to cause employment reductions in many durable and non-durable industries. Among them were cast-iron pipe, cutlery, hardware, plumbers' supplies, wirework, steam and hot-water heating apparatus and steam fittings, tin cans and other tinwear, radios, typewriters, jewelry, lighting equipment, carpets and rugs and rubber goods. Gains in industries geared to the war effort, however, more than offset these declines. For the first time since last November automobile plants reported an employment increase (5.6% or 18,900 workers) indicating a stepping-up of war production in converted plants. Other strategic war industries continued to show sharp employment gains, notably shipbuilding, aircraft, engines, machine tools, machine-tool accessories, electrical machinery, foundries and machine shops, ammunition, and firearms.

"Among the non-durable-goods industries, seasonal increases were shown by woolen and worsted goods mills, bakeries, meat packing plants, and plants manufacturing beverages, butter, ice cream, and beet sugar. The canning and preserving industry showed a contra-seasonal gain of 2.1%. Seasonal declines were reported by establishments manufacturing fertilizers; cottonseed—oil, cake, and meal; confectionery; and millinery.

"The May indexes of factory employment (137.0) and pay rolls (192.6), based on 1923-25 as 100, were at the highest levels on record, the gains since May of last year being 9.7 and 33.7%, respectively. The pay-roll increase in 'all manufacturing' over the year was nearly four times as large as the employment expansion due largely to increased working hours, overtime premiums, and wage-rate increases.

"Wage-rate increases averaging 7.9% and affecting 207,000 factory wage earners were reported by 691 plants out of a reporting sample of approximately 30,000 plants with about 6,000,000 workers. The largest number of workers affected were in the cotton goods, men's clothing, machine tools, aircraft, boot and shoe, and paper and pulp industries. Scattered wage-rate increases were reported among the nonmanufacturing industries surveyed, the public utilities group reporting the largest numbers of workers affected.

"Employment in anthracite mining showed a contra-seasonal increase of 1.0% from April to May, while bituminous coal mines reported a less-than-seasonal decline of 0.3%. These changes were coupled with pay-roll increases of 14.5% and 3.4% respectively, reflecting increased production. Quarries and non-metallic mines expanded their forces by 2.8%, about half the average May increase of the preceding 13 years. While the small employment increase of 0.1% in metal mines raised the index to 82.0% of the 1929 average, the highest May level since 1930, crude petroleum producing firms reported 0.4% fewer production employees than in the preceding month.

"The continuing demand for public transportation facilities was reflected by the increase of 1.6% in the number of workers employed by street railways and buses, this being the fourth consecutive monthly gain, and with but one exception the largest percentage increase in any month during the last 14 years. Electric light and power companies reported a contra-seasonal employment drop of 1.0% while telephone and telegraph offices increased their forces slightly. Among the service industries, increases of a seasonal character were shown by laundries (3.2%), dyeing and cleaning establishments (5.4%), hotels (0.4%). Brokerage and insurance firms reported decreases of 3.9% and 0.8% respectively.

"The drop of 1.7% in wholesale trade employment was greater than usual for May due largely to contra-seasonal decreases in many lines as war conditions and resulting government restrictions affected the sale of such items as automobiles, tires, petroleum and gasoline, electrical appliances, radios, plumbing and heating equipment, furniture and house furnishings, and paper products. These factors also affected similar lines of retail trade. Employment in retail food, general merchandise, and fuel and ice establishments, however, increased over the month interval and the net change for retail trade as a whole was a decrease of only 0.1%.

"Nonagricultural employment showed increases over the month in all but 4 States, Vermont, Arkansas, Florida, and South Dakota showing slight decreases. Sizable gains were shown over the year in all but 2 States (Michigan and Delaware). The largest percentage increases occurred in Oregon, Arkansas, District of Columbia, Alabama, Washington, and Utah.

"All Federally-financed construction required 1,564,000 workers during the month ending May 15, constituting an increase over April of 193,000 or 14%. Pay rolls, amounting to $281,549,000, increased 18%. Construction workers hired directly by the Federal Government numbered 239,000 or 15% of the total.

"War construction, not including housing, employed 196,000 additional workers during May, reaching a total of 1,418,000 persons and constituting 91% of the total number employed on Federally-financed construction. Expansion during May was concentrated mainly on the construction of ships, nonresidential buildings, and streets and roads.

"Employment on public housing projects showed a decline during the month ending May 15 of 8,900 and over the past year of 66,300.

"Employment in the Federal executive service increased 78,700 persons during May: 7,400 inside the District of Columbia and 71,300 outside. Over the past year employment inside the District has increased 45% and outside the District 62%. During May total employment in the Federal executive service was 2,091,000 and pay rolls were $331,645,000.

"Contraction of the work-relief programs continued during May. WPA personnel was cut 80,700 (9%), personnel on the NYA student work program was cut 21,400 and on the out-of-school work program 24,000 (10% for the 2 programs). The 12,300 personnel decline for the CCC was distriuted among the various groups as follows: enrollees, 11,400; nurses, 13; educational advisors, 81; and supervisory and technical, 834. All work-relief programs have dropped a total of 1,356,000 names from the rolls in the past year."

The Labor Department further reported:

ESTIMATES OF TOTAL NON-AGRICULTURAL EMPLOYMENT
[In Thousands]

| | May, 1942 (preliminary) | April, 1942 | Change April to May, 1942 | May, 1941 | Change May, 1941 to May, 1942 |
|---|---|---|---|---|---|
| Total civil non-agricultural employment | 41,201 | 40,874 | +327 | 38,902 | +2,299 |
| Employees in non-agricultural establishments | 35,058 | 34,731 | +327 | 32,759 | +2,299 |
| Manufacturing | 13,021 | 12,945 | + 76 | 11,886 | +1,135 |
| Mining | 862 | 861 | + 1 | 869 | — 7 |
| Contract construction | 2,020 | 1,928 | + 92 | 1,782 | + 238 |
| Transportation and public utilities | 3,383 | 3,343 | + 40 | 3,185 | + 198 |
| Trade | 6,673 | 6,679 | — 6 | 6,753 | — 80 |
| Finance, service and miscellaneous | 4,304 | 4,266 | + 38 | 4,235 | + 69 |
| Federal, State and local government | 4,795 | 4,709 | + 86 | 4,049 | + 746 |

The estimates of "total civil non-agricultural employment," given on the first line of the above table, represent the total number of persons engaged in gainful work in the United States in non-agricultural industries, excluding military and naval personnel, persons employed on WPA or NYA projects, and enrollees in CCC camps. The series described as "Employees in nonagricultural establishments" excludes also proprietors and firm members, self-employed persons, casual workers and persons in domestic service. The estimates for "Employees in nonagricultural establishments," are shown separately for each of seven major industry groups. Data for the manufacturing and trade groups have been revised to include adjustments to preliminary 1939 Census data.

The figures represent the number of persons working at any time during the week ending nearest the middle of each month. The totals for the United States have been adjusted to conform to the figures shown by the 1930 Census of Occupations or the number of nonagricultural "gainful workers" less the number shown to have been unemployed for one week or more at the time of the Census.

# April Shipments of War Goods by Automotive Industry 46% Greater Than In February

Reporting on the progress of the conversion of the automotive industry to war work, the War Production Board on July 1 announced that war shipments by this industry were 46% greater in April than in February. The report, compiled by WPB's Automotive Branch, was based upon information received from 432 plants of 157 companies, which, on the basis of labor employed make up 72% of the industry, and covers concerns which include eight large automobile manufacturers, nine truck companies and 140 parts companies.

The survey by the War Production Board further reports in part:

"These companies reported April shipments of $420,000,000, of which 83% were war goods. War shipments increased from $239,000,000 in February to $349,000,000 in April, while non-war shipments declined from $145,000,000 to $72,000,000.

"Value added of war products increased 53%. Value added represents the difference between the money value of shipments and the cost of materials and parts supplied. These 432 plants had a total value added on war work in April of $188,000,000, compared with $123,000,000 in February.

"Thus the April shipments of war goods from these companies, 72% of the industry, was at an annual rate of more than $4,000,000,000, while the value added was at the rate of $2,250,000,000 a year.

"Some shipments from parts companies may have gone to automobile manufacturers or truck companies and the figures on total shipments, therefore, would include some duplications. Value added includes no duplications.

"In the eight automobile manufacturing companies, value added on war goods increased 87%, from $54,000,000 to $102,000,000. War shipments increased 64%, from $113,000,000 to $186,000,000. These companies included General Motors, Ford, Chrysler, Studebaker, Hudson, Packard, Nash and Graham-Paige, which operate 182 plants."

# U. S. Financial Safety Depends On Savings

In addition to being urged to invest at least 10% of their income in War Bonds, Americans must be convinced that on the volume of their savings out of current income depends the present and future financial safety of the country, John H. Fahey, Federal Home Loan Bank Commissioner, declared on July 4. Mr. Fahey added that "if people will only realize that money saved during the war means the chance to make a down-payment which ultimately assures the ownership of a home a few years from now, or that it means reaching some other cherished goal, they will enlist in the Government's program for two constructive purposes." In part Mr. Fahey further said:

"The first purpose is, of course, service to our country in a war in which our victory is vital to everyone. The second purpose should be to make extra savings which will mean continued industrial activity, jobs for workers and general prosperity after the war. If people will only stick to these objectives, I am sure that they will find great satisfaction in the results of their temporary self-denial.

"At the same time I feel that everyone should realize fully what unnecessary, loose spending at this time means. We must understand that it is certain to cause higher living costs which will slash the value out of any increased salaries or wages."

Mr. Fahey declared that the best way to offset expressions of concern over the post-war period is to point to some of the basic objectives of financing the war through current income. He went on to say:

"The Government wants people to build up a great reserve, in addition to financing the war on a sound basis. When that reserve of buying power is released, it will stimulate our peacetime economy. We've had spending programs before, but never in the history of any country has there been buying power distributed through all classes of citizens such as there will be after this war is over—if we all do our part now.

"Private enterprise is going through a period of severe readjustment. Many major industries are being entirely converted to war; others are being forced to restrict their operations to a painful degree. The hope of these indusitries and of all private enterprise is the buying power that can be built up through a program of national saving.

"I think that if this full picture is given to the American people, they will have a new understanding of the constructive steps the Government is taking to assure a kind of peace which will make worth-while the sacrifices we are going to be called upon to endure while the war lasts."

# Treasury Plans To Reissue Gold Notes

Plans for the re-issuance of Federal Reserve gold notes, which have been out of circulation for more than eight years, were indictated in press advices July 2, at which time the New York "Herald Tribune" reported from Washington that as a conservation and economy measure the Treasury would soon release some $4,000,000,000 of these notes, in denominations ranging from $10 to $1,000. The account added in part:

"Among the reasons for the action were: Fine silk is used in manufacturing paper for money; silk also is urgently needed for parachutes; good paper is scarce, and, therefore, the Treasury will save all around by reissuing the gold notes."

From United Press advices from Washington July 3 we take the following:

"When gold paper money makes its appearance shortly it will not mean the United States has gone back on the gold standard. It will mean that the Treasury is saving $2,000,000 on the cost of printing new currency.

"Treasury officials revealed last night they were considering releasing about $4,200,000,000 in the gold notes in order to save 240 tons of paper, 1,200,000 man-hours of labor and large quantities of nylon and ink which new bills would call for.

"They emphasized, however, that while the notes, which have been on hand since 1934, but never issued, bear on their face: 'Redeemable in gold on demand at the United States Treasury . . .' they will be paid only in silver."

# Holds Federal Price Control No Bar To Suit To Enforce Resale Price Under State Law

A ruling that plaintiffs may bring suit to enforce minimum resale prices under the New York State Fair Trade Law despite the existence of the Federal regulations fixing price ceilings was handed down by New York Supreme Court Justice Eder on July 7, according to the New York "Herald Tribune" of July 8, which stated that the decision is believed to be the first in the country on the relation of Federal price regulations to State Fair Trade Laws.

Justice Eder, it is said, overruled the contention of the defendant in an injunction suit that the enactment of the Federal Emergency Price Control Act of 1942 "rendered wholly impotent" the State law, which forbids the sale at retail below a minimum resale price fixed in contracts between manufacturer and retailer. Continuing the "Herald Tribune" further reported the findings of Justice Eder:

"Justice Eder said that in order to cite the Federal regulation as a defense in a suit under the State law a retailer must be able to show that inability to obey the State law was occasioned and necessitated "compliance with the Federal law as the paramount authority to which obedience was surrendered.

"The action upon which Justice Eder ruled was brought by three pharmacists, Hyman Schreiber, of 1878 Lexington Avenue; Herman Smithline, of 80 East 116th Street, and Morris Raskin, of 69 East 116th Street, to restrain another pharmacist, William Siegel, of 1614 Park Avenue, from alleged unfair competition.

"The charge against Mr. Siegel was that the was selling below minimum resale prices the products of 44 manufacturers.

"Although he upheld the right of the plaintiffs to bring suit under the State law in spite of Federal regulations, Justice Eder denied their application for a temporary injunction to restrain continuing alleged violations of the State law. He said that all of the violations complained of occurred before the effective date of the price freezing order.

### U. S. Authority Supreme

"Justice Eder said further that it was not shown during the argument that since that date the defendant was selling at prices other than those set by the Price Administrator.

"On the question of conflict between Federal and State laws, Justice Eder said: 'It admits of no doubt that the authority of the Federal Government is supreme. It is manifest that the Federal statute is dominant.

" 'The Federal statute does not prohibit or bar a suit brought pursuant to the State Fair Trade Law, even though the maximum resale price established by the Price Administrator conflicts with the minimum retail resale price as fixed by the stipulation of the parties and as affected by the State Fair Trade Law, in the absence of a showing by the party complained against that the act of derivation from the State law was occasioned and necessitated by good faith, compliance with the Federal law as the paramount authority to which obedience was surrendered'."

# War Output In 1942 Set At $45 Billion

Donald M. Nelson, Chairman of the War Production Board, declared on July 10 that "during this calendar year the factories of the United States will turn out war goods of one kind or another to a value of $45,000,000,000."

Speaking before the Automobile Council for War Production at Detroit, Mr. Nelson said that next year he expected the figure will rise to $70,000,000,000 or $75,000-000.000, at current prices. He added:

"I do not believe that it ever can rise much above that figure, because I think that is just about the limit that our economy can stand. The materials which would be needed to get production substantially higher than that simply are not available, and as far as we can see now they cannot be made available. But in any case, getting up to the 45-billion level this year will be a splendid achievement and raising the level to 75 billions next year will be nothing less than magnificent."

Discussing the automotive industry's part in the war program, Mr. Nelson asserted:

"In this great program a major role has been assigned to the automotive industry. Contracts for more than $8,000,000,000 worth of war goods had been placed with this industry by the end of April of this year; more than $5,000,000,000 of that total were placed after Pearl Harbor. Yet that is little more than a beginning. When peak rates of production are reached under present plans, this industry will be producing war goods at a rate of approximately $12,000,000,000 a year. This is three times as large as the industry's estimated 1941 sales of $4,000,000,000; it will represent approximately one-sixth of the entire war-production effort of the whole United States.

"These are amazing figures. I think every one connected with the automotive industry is entitled to feel a great deal of honest pride in the fact that such great reliance can be placed upon this industry in this time of national peril. But I think we must also realize that this tremendous job is just getting under way. The peak is still ahead of us. The decks have been cleared for action, but that action has barely begun."

Mr. Nelson concluded:

"From now on the emphasis is on production itself. From what has been done so far, I believe hat we can look to the future with a good deal of confidence—not with empty optimism or a blind feeling that everything will somehow come out all right, but the sober, solid confidence of people who have tested their own strength and their own determination and know that they are ready for the worst that fate can bring to them."

# Wholesalers' Sales, Inventories And Credits In May

An average increase in sales of 7% for May, 1942, totaling $278,569,000, compared with the same month a year ago was recorded for wholesalers, according to an announcement released on June 30 by J. C. Capt, Director of the Census. It is pointed out that increases registered for each of the first five months of this year compared with corresponding months a year ago have lessened each month, declining gradually from 37% for January to 23% for April, and falling off sharply to 7% for May, the lowest increase recorded by this series for any month compared with a year ago in the past eighteen months. A loss in sales of 9% occurred between the months of April and May, by far the largest decrease recorded between these months in the past five years, says the Census Bureau, which also added:

"Twenty-seven of the 35 trades for which separate statistics are presented in this report showed increases in May, 1942, sales compared with the same month a year ago, ranging from 1% to 54%. Meats and meat products wholesalers' sales continued to maintain a high level with a gain of 54%, only slightly less than the gain of 60% recorded for April, 1942, compared with April, 1941. Most non-durable goods lines showed moderate to substantial improvements in dollar sales for May, 1942, compared with a year ago, although generally less than the increases registered for April of this year over April, 1941. Sales of clothing and furnishings (except shoes) wholesalers were up 15%; shoes and other footwear, 10%; drugs and sundries (liquor excluded), 9%; dry goods, 25%. Dollar sales gains for May, 1942, over May, 1941, were registered for all but three of the durable goods trades for which separate data are presented in this report. Sales of furniture and house furnishings wholesalers were up 8%; industrial supplies, 13%; plumbing and heating supplies, 4%; jewelry, 2%; lumber and building materials, 20%; and machinery, equipment and supplies (except electrical), 5%; while automotive supplies, electrical goods, and metals were off 7%, 9% and 20%, respectively.

"Inventories, in terms of dollars based on cost values, at the close of May were down 3% compared with April, continuing the month-to-month decline which first manifested itself at the close of April. (From January, 1941, to March of this year, inventories at the close of each month were higher than those at the beginning.) Inventories at the close of May, 1942, compared with a year ago were up 12% as against the 16% increase in dollar volume recorded for April and the 25%, 24%, and 20% gains registered for January, February, and March respectively.

"Collections on accounts receivable for May, 1942, were up more than 6% compared with collections for May, 1941, but show a slight loss compared with April of this year. The collection ratio for May, 1942, was 82 as against the ratio of 77 for May, 1941, and 83 for April of this year. Accounts receivable were 15% greater on May 1, 1942, than at the same date in 1941, as against the increase of 20% recorded for April of this year over April a year ago. Accounts receivable were at approximately the same level on May 1, 1942, as at the beginning of April, 1942.

"The stock-sales ratio for wholesalers at the close of May, 1942, was 155 as against 143 for May, 1941, and 146 for April, 1942. Eight of the 32 kinds of business for which stock-sales ratios are given in this report registered a decrease in their May, 1942, ratios compared with those for May, 1941. Furniture and house furnishings wholesalers with a sales gain of 8% and an inventory decrease of 2%, registered a stock-sales ratio of 162 for May, 1942, as against 181 for May a year ago. Wholesalers of industrial supplies with a 13% increase in sales and a 5% increase in stocks registered a stock-sales ratio of 143 for May, 1942, compared with 162 for May, 1941. Lumber and building materials dealers and plumbing and heating supply dealers also showed appreciable decreases in stock-sales ratios at the close of May compared with a year ago. Substantial increases in stock-sales ratios were recorded for wholesalers of automotive supplies, paints and varnishes, groceries and foods (except farm products), wines and liquors, and paper and its products, on the basis of a comparison with May, 1941."

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census.

# Government Policy On Employment of Aliens

President Roosevelt declared on July 11 that persons "should not hereafter be refused employment, or persons at present employed discharged," solely because they are aliens or former nationals of another country. In a formal statement designed to clarify the government's position on employment of aliens and other foreign born., the President said that "a general condemnation of any group or class of persons is unfair and dangerous to the war effort."

Mr. Roosevelt pointed out that there were no legal restrictions on the employment of any person in non-war industries, and "even in war industries, if the particular labor is not on 'classified' contracts, which include secret, confidential, restricted and aeronautical contracts."

The text of the President's statement follows:

"In order to clarify the policy of the government in regard to the employment of aliens and other persons of foreign birth the President today issued the following statement:

1. Persons should not hereafter be refused employment, or persons at present employed discharged, solely on the basis of the fact that they are aliens or that they were formerly nationals of any particular foreign country. A general condemnation of any group or class of persons is unfair and dangerous to the war effort. The Federal government is taking the necessary steps to guard against, and punish, any subversive acts by disloyal persons, citizens as well as aliens.

2. There are no legal restrictions on the employment of any person (A) in non-war industries, and (B) even in war industries, if the particular labor is not on "classified" contracts, which include secret, confidential, restricted and aeronautical contracts.

The laws of the United States do provide that in certain special instances involving government contracts an employer must secure from the head of the government department concerned permission to employ aliens. Section 11 (A) of the act of June 28, 1940, (public No. 671, 76th Congress, 3d session) contains a provision that:

"No aliens employed by a contractor in the performance of secret, confidential, or restricted government contracts shall be permitted to have access to the plans or specifications, or the work under such contracts, or to participate in the contract trials, unless the written consent of the head of the government department concerned has first been obtained." . . .

The Air Corps act of 1926 has a similar provision:

. . . "No aliens employed by a contractor for furnishings or constructing aircraft parts or aeronautical accessories for the United States shall be permitted to have access to the plans or specifications or the work under construction or to participate in the contract trials without the written consent beforehand of the Secretary of the department concerned."

There are no other Federal laws which restrict the employment of aliens by private employers in national war industries. There are no Federal laws restricting the employment of foreign-born citizens of any particular national origin.

3. Where, under the law, permission to employ aliens is required from the War and Navy Departments, the alien shall go to then be submitted by the alien to States Employment Service, which will furnish him with application form, and assist him in filling it out. The completed form will then be submitted by the alien to the employer who will fill out the reverse side of the form, and then immediately forward same to the department concerned. Upon receipt of the application, the department will act promptly thereon, in the normal case within forty-eight hours, and give its approval or disapproval, either of which shall be subject to change at any later time.

4. In passing upon applications for permits, the department will give special and expedited consideration to nationals of United Nations and friendly American republics, and any other aliens, including enemy aliens, who come within the following categories:

A. Aliens who have served in the armed forces of the United States and have been honorably discharged.

B. Aliens who have, or who have had, members of their immediate family in the United States military service.

C. Aliens who have resided in the United States continuously since 1916 without having returned to the country of origin within the last ten years.

D. Aliens who have married persons who, at the time of marriage, were citizens of the United States and who have resided in the United States continuously since 1924 without having returned to the country of origin within the last ten years.

E. Aliens who have declared their intention to become citizens of the United States and who had filed petitions for naturalization before Dec. 7, 1941.

5. Any inquiries or complaints by aliens, pertaining to specific instances of discrimination, or intentional failure to carry out the above procedure, should be referred directly to the Committee on Fair Employment Practice, Washington, D. C. This committee will consider the complaints and take such action as may be warranted in the particular case.

6. Any information concerning disloyal activities in war industries or elsewhere, or indications of disloyalty on the part of persons employed in war industries, should be reported immediately to the nearest office of the Federal Bureau of Investigation. Employees have the same duty in this matter as have employers.

# Cotton Report As Of July 1, 1942

The acreage of cotton in cultivation in the United States on July 1, 1942, is estimated by the Crop Reporting Board to be 24,005,000 acres, which is 3.8% more than the 23,132,000 acres in cultivation on July 1, 1941, but 22.8% less than the 10-year (1931-40) average. If the percentage abandoned in 1942 is equal to the 10-year average, an acreage of 23,525,000 is indicated for harvest in 1942. This acreage would be greater than that harvested in 1941 but smaller than any other year since 1896. The report added:

"Increases above 1941 are estimated for all States except Georgia, Alabama, and Florida, where considerable acreages normally planted to cotton have been diverted to the production of peanuts. The greatest percentage increases in acreage of upland cotton occurred in Texas, North Carolina, Tennessee, Oklahoma, and Virginia, which increases ranged from 5% in Texas to 22% in Virginia. An increase of 13% in both New Mexico and Arizona is largely attributed to the expansion in acreage of American Egyptian cotton. Increases of 1 to 3% took place in the remaining States.

"The acreage of American Egyptian cotton increased from 137,300 acres in 1941 to 207,500 in 1942. About one-half of this increase occurred in Arizona and the remainder in Texas, New Mexico and California. The acreage of Sea Island cotton decreased from 38,900 in 1941 to only 9,500 in 1942. This reduction is largely attributed to unsatisfactory yields during recent years.

## Opposes Pending Farm Mortgage Bill

(Continued from First Page)

stock liquidation between stockholders and between Associations is something for which it would be difficult to find a business parallel.

"The interest rate on new Land Bank loans is fixed at 4% until June 30, 1946, which is below the present market except in a few favored sections of the country.

"This will tend to drive private competition out of all territories except these favored few. That is actually a true picture of the farm loan situation today. Private institutional lenders are by necessity confining their new business to very limited areas where farming conditions are most favorable and are not operating in the larger part of the country. This law would tend to make that situation permanent.

"Farmers still look to private capital for more than one-half of their farm mortgage borrowings since it supplies their short-term borrowing needs. This law would leave farmers in the larger part of the country with no source of mortgage funds except the Land Banks and the Federal Farm Mortgage Corporation. Fixing future rates, as proposed in the bill, gives to a small proportion of farmers the advantages of government credit not enjoyed by others."

It is further stated that the bill makes possible an unlimited expansion of the Federal Land Banks' farm mortgage business with practically no regard as to whether their operations are successful. It provides that the government fully guarantee all Land Bank bonds, now outstanding in the amount of about $1,700,000,000.

"Speaking personally, and as a farm mortgage lender, I feel that the Fulmer Legislation means a virtual socialization of the nation's farm mortgage credit system," Mr. Champ said. "Some of the more inequitable provisions of the original bill have been eliminated, it is true, but the broad general principles of making farm mortgage lending a wholly government undertaking remain intact. I feel as strongly as ever that this is a perfect example of the sort of proposal that absolutely has no connection with winning the war and ought to be left for consideration after we have won the war."

## From Washington

(Continued from First Page)

nating against anybody, is about the height of ridiculousness. Either, industry has been trying to elevate the standard of living by being preclusive in the matter of its employees, or it's been trying to run down the lot of the laboring man by bringing all comers into the market. Both can't be true.

But what we started out to say about Elklund: The fact that this one little commonplace murderer and his escape, captured the fascination of people, burned the Intellectuals up. It was utterly amazing, they propounded, that people could be interested in such a small thing as this, in the light of the GLOBAL warfare. Were they not concerned with what the Russians were doing? Were they not concerned with what was happening in the Battle of Libya?

Well, frankly, we can't answer the question. All we know is that the local editors considered the Elklund case a fascinating story and thereby played it.

We suggested to the Intellectuals that maybe the people wanted a relaxation. They had been stunned so much that here was something they could grasp. For many months they had been hearing that the British were running the Germans over the desert sands of Libya and then, of a sudden, they heard the Germans were running the British over it. All along, they were hearing expert explanations of what this meant.

They were hearing, too, of the Russians killing a million German soldiers, and of the Germans killing a million Russian soldiers. They were hearing Leon Henderson, wanting an organization of 100,000 people, threaten that if he didn't get it, there would be an inflation which, they were told, was far more ruinous than a Hitler invasion. Previously, they had been told that a Hitler invasion was about the worst thing one could imagine.

They had heard Donald Nelson say he couldn't provide any steel for synthetic rubber production because we had to have tanks and they had heard of our tanks being backed up on the wharves and of their being shot to pieces in Libya.

Is there really any wonder that they sought relief in the escape from jail of a fellow of whom they had never heard? Not one in ten of them had paid the slightest attention to the case until he escaped. They had to go back and read, as did this writer, of the crime he had committed. But this was adventure; it was something tangible on which the human mind could hang. It was understandable.

If there is one thing that would seem to be certain, it is that the German submarines have in recent months had free access to our coasts. Accepting that, then they have unquestionably landed saboteurs galore in our country. The FBI under Edgar Hoover is a very efficient organization, so presumably it has been rounding up these saboteurs day by day. Then why should the arrests of eight men be picked out for the purpose of a publicity blowing up? And then, having been selected for this publicity blowing up should the proceedings be behind closed doors, a meticulous star chamber proceeding.

Is there any wonder that the people preferred to read about the escape of Elklund? But it has got the brilliant propagandists worried.

## Compulsory Savings May Yet Be Imposed

Pointing out that "not the least important aspect of total war is finances" Assistant Secretary of the Treasury John L. Sullivan addressing a war savings campaign luncheon in Boston on July 9 stated that "roughly speaking, this nation is today obtaining money through three main sources: Taxes; the sale of regular Treasury securities to banks, insurance companies, trusts and individuals; and War Savings Bonds," Mr. Sullivan went on to say:

"The borrowing of true investment funds is now being accelerated with the cooperation of a nation-wide Victory Fund Committee of bankers, businessmen, and security dealers. They are giving generously and freely of their time and doing a splendid job. I bespeak for the committee here in the Boston district the cooperation of everyone in New England.

"The third source of funds for waging this war is the sale of War Savings Bonds to the people of the United States. It is the hope of the Treasury that from this source we may borrow at least $12,000,000,000 in the next 12 months.

"I would be less than frank with you if I did not remind you of the consequences of the failure of this campaign to borrow $12,000,000,000 annually from current earnings. The amount of money we are required to raise is so great that taxes and the ordinary type of Treasury financing cannot satisfy our requirements. If, through a voluntary savings plan we cannot borrow the amount we need, we shall be forced to resort to compulsory savings—a prospect not pleasant to contemplate."

Noting that "the keystone of this war savings bond campaign is the 10% pay roll allotment plan," Mr. Sullivan stated that "we cannot count on individual month by month effort to bring us our $1,000,000,000 a month quota." "We have to plan and organize," he said, "so that the money will come in and the bonds go out month after month. Only in that way can we meet our quotas." He further said:

"Ninety-nine percent of those industrial plants employing 5,000 people have installed a payroll savings plan. Many of these firms are over the 10% mark. If we can get an over-all savings from 34 million workers in the country with plant payrolls, our objective of a billion dollars a month will be more than reached.

"The Treasury very earnestly hopes that long before snow falls everyone working in an industrial plant in New England will be lending voluntarily at least 10% of his current earnings. For many of these enterprises this will require a new drive to increase the degree of participation. I do hope that no one will be reluctant to make a renewed effort to achieve this."

In briefly reviewing "our financial situation," Mr. Sullivan had the following to say:

"On July 1, 1941, there was a national debt of about $49,000,000,000. On July 1 of this year that debt was $72,000,000,000.

"In mid-summer of 1941, we were spending for rearmament about $800,000,000 a month. In mid-summer of this year, we are spending on the war effort about $4,000,000,000 a month.

"During the fiscal year 1942, about 25% of our entire national income was spent for rearmament. During the fiscal year 1943, about 55% of our national income will be spent for the war effort.

"Military and naval appropriations already voted by the Congress total $200,000,000,000.

"Under the present tax laws, we anticipate in the fiscal year 1943 collections of about $17,000,000,000 and expenditures, including Government corporations of about $77,000,000,000, leaving a deficit of about $60,000,000,000.

"This deficit indicates that the tax bill now pending before the Congress may be considered as the start, rather than the conclusion, of the nation's wartime revenue program. It also emphasizes the tremendous sums of money we must procure from other sources."

## War Bond Quotas For July Set At $1 Billion

Secretary of the Treasury Morgenthau announced on June 29 State War Bond Quotas for July totaling $1,000,000,000, although the June quota of $800,000,000 was not met.

The quotas ranged from a low of slightly more than $1,000,000 in the State of Nevada to a high of $171,596,000 for the State of New York. Next high was Illinois with $84,925,000, Pennsylvania with $81,050,000, California with $61,687,000, Ohio with $55,151,000 and Massachusetts with $46,144,000.

The quotas were based on performance of the States in May sales. Comparison was made, however, with the distribution of national income by States for 1941 and it was found the figures compared favorably.

The July figure is a boost of $400,000,000 over the initial quota for May, which was exceeded by 5.7%, and $200,000,000 over June quotas.

The $1,000,000,000 per month figure has been set as a minimum which must be obtained in the sale of War Bonds if the government is to successfully finance the production necessary to win against the Axis nations, the Treasury points out.

## Says Government May Requisition All Tires

President Roosevelt warned on July 7 that the government may have to take over all the automobile tires in the country if the war situation grows worse. The President told his press conference that he is not trying to save tires or gasoline but that he is trying to save the nation. He added that the country will willingly make any sacrifices necessary during the emergency.

Mr. Roosevelt's statement on possible requisitioning of tires was in response to a question as to whether it is planned to restrict the use of cars for business purposes through nation-wide gasoline rationing. He said that the latter problem had not yet been decided and that efforts are continuing to separate the problem of tires and gasoline.

A bill giving the President power to buy or requisition automobiles and other types of transportation vehicles was introduced in the Senate on July 13 by Senator Reynolds (Dem., N. C.). Senator Reynolds' bill would authorize a fund of $5,000,000,000 with which to pay owners of cars or equipment acquired by the Government. It would be effective through 1944. Under the bill the President would be authorized to pay the owners of the cars in cash or in war bonds in accordance with his own interpretation of a fair price. Any one receiving payment in war bonds would also receive a priority on a new car after the war.

## Rubber Supplies Agency Opposed By Donald Nelson

Donald M. Nelson, Chairman of the War Production Board, told a Senate Agriculture subcommittee on July 6 that he was opposed to legislation seeking to establish a rubber supplies agency because its director would have the power to allocate materials for plant construction that are needed for the munitions program.

This bill, seeking to require the Government to use more farm and forest products in the production of synthetic rubber, would establish a rubber supply agency under the direction of a man appointed by the President with approval of the Senate, on a Government salary of $10,000 a year and with no outside financial or business interests. The director would be charged with the duty of obtaining adequate supplies of industrial alcohol, butadiene and rubber to meet all civilian as well as military demands.

Mr. Nelson conceded that if he were to start the synthetic rubber program "all over again, I would build a much larger percentage" of plants using alcohol for production of rubber substitutes. The proposed legislation, designed to create an agency to increase supplies of artificial elastic, was introduced on June 18 by Senator Guy M. Gillette, Democrat, of Iowa. Associated Press advices from Washington, June 18, said: "The measure, conceived by the Senate agriculture subcommittee of which Senator Gillette is chairman, would establish a rubber supplies agency with sole authority over production of synthetic rubber derived from alcohol obtained from farm or forest products.

## Rayon Deliveries Higher

Deliveries of rayon filament yarn to domestic consumers amounted to 231,400,000 pounds during the first half of 1942 as compared with shipments of 219,200,000 pounds reported for the correspoding period in 1941, states the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York. Shipments for the half year represented a gain of 6% and the total constituted a new high mark for deliveries for the period. For June alone, shipments aggregated 39,000,000 pounds as compared with 37,600,000 pounds delivered in May and 38,300,000 pounds shipped in June, 1941.

The "Organon" further reports:

"Rayon staple fiber deliveries to American mills during the first six months of the current year aggregated 75,600,000 pounds, an increase of 18% compared with deliveries of 64,300,000 pounds shipped in the corresponding 1941 period, and also a new high record for any six months' period. For June, staple fiber shipments totaled 13,600,000 pounds as compared with 12,600,000 pounds shipped in May and 12,400,000 pounds shipped in June, 1941.

"Stocks of rayon filament yarn in the hands of producers amounted to 5,800,000 pounds at the end of June as compared with 6,900,000 pounds at the end of May. Stocks of staple fiber held by producers totaled 2,300,000 pounds as of June 30 compared with 2,100,000 of May 31."

## Scrap Rubber Drive Yields 334,000 Tons

The scrap rubber collection drive yielded 334,293 tons up to July 3, President Roosevelt was informed on July 6 by William R. Boyd, chairman of the Petroleum Industry War Council. The drive ended at midnight July 10 and final figures are expected to be announced soon. It had been originally slated for a two-weeks' campaign (ending June 30) but due to the disappointing results shown in the first 13 days, when 219,000 tons were turned in, the drive was extended an additional 10 days, as was noted in these columns July 2, page 18.

The accumulation of 334,293 tons represents a national pound per capita collection of 5.07, compared with 3.32 up to June 29.

The President on June 30 ordered all government bureaus in Washington and throughout the country to turn in every possible ounce of rubber to the scrap collection drive.

Defense Petroleum Coordinator Ickes on July 4 urged the Mayors of principal cities to reemphasize the importance of the drive to the public.

## Vetoes Bill Which Would Deprive Of Citizenship

President Roosevelt on July 6 vetoed a bill providing for the loss of citizenship for persons convicted of fraudulent practices in connection with Government war contracts, saying that the penalty was "drastic." In indicating his disapproval, the President said:

"This drastic penalty has been confined under existing laws to the crimes of treason and desertion from the armed forces in time of war. Under this bill, if enacted, citizenship may be lost as a result of a misdemeanor. The extreme nature of this sanction not only constitutes a bad precedent, but does violence to our democratic concepts of fair and reasonable punishment for a particular crime. Apart from the undesirable features of this provision, there would seem to be adequate authority in the Criminal Code to deal with the substantiative evil sought to be remedied."

The President also objected to another section of the bill which would have extended for two years the present overtime compensation provisions affecting War and Navy Department employees. The President said that he favored instead a Civil Service Bill providing for a uniform and equitable basis of compensating the lower paid employees of the Federal Government for overtime work.

## June Retail Prices Recede Fractionally, According To Fairchild Publications Index

Retail prices receded fractionally in June, according to the Fairchild Publications Retail Price Index. The decline was only 0.1% below the previous month. However, this represents the second monthly decline, for quotations also eased slightly during the previous month, to the extent of 0.2%. This is the first time in several years that quotations eased for two consecutive months. However, prices are still 15.8% higher than a year ago, and 27.2% above the levels prevailing immediately before the outbreak of war in September, 1939.

The firm's announcement further states:

"With the exception of piece goods, which remained unchanged, every major subdivision, men's apparel, women's apparel, infants' wear and home furnishings, declined, with infants' wear showing the greatest reaction, 0.3%. In comparison with a year ago piece goods still show the greatest gain, an increase of 22.9%, and infants' wear the smallest, 10.1%. Piece goods quotations are also the highest above August, 1939, an increase of 33.7%, and infants' wear shows the smallest gain, 12.5% above August, 1939.

"While the composite index shows a fractional decline, the following commodities remained unchanged during the month: silks, cotton wash goods, women's underwear, women's shoes, men's hosiery, underwear, hats and caps and clothing including overalls, infants' shoes, furniture, floor coverings and radios. The greatest declines during the month were recorded by infants' socks and women's hosiery.

"With quotations as of July 1 only fractionally above the March level, the base for the General Maximum Price Regulation set by the Office of Price Administration, changes in retail quotations should be comparativevly nominal in the near future, according to A. W. Zelomek, economist under whose supervision the index is compiled. However, some upward movement is not unlikely as readjustments in individual items may be essential because of higher costs. While the recent piercing of price ceilings is not a forerunner of a breakdown of price control, further similar steps are expected but these should not become routine. According to Mr. Zelomek, popular support for price control should grow, and Congress will be forced to recognize it even though at present many Congressmen are not sympathetic."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
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| | May 1, 1933 | July 1, 1941 | Apr. 1, 1942 | May 1, 1942 | June 1, 1942 | July 1, 1942 |
|---|---|---|---|---|---|---|
| Composite Index | 69.4 | 97.7 | 112.5 | 113.4 | 113.2 | 113.1 |
| Piece Goods | 65.1 | 91.3 | 111.8 | 112.6 | 112.2 | 112.2 |
| Men's Apparel | 70.7 | 90.1 | 104.2 | 105.6 | 105.2 | 105.1 |
| Women's Apparel | 71.8 | 95.3 | 112.1 | 113.2 | 113.0 | 112.9 |
| Infants' Wear | 76.4 | 98.1 | 107.5 | 108.6 | 108.3 | 108.0 |
| Home Furnishings | 70.2 | 100.4 | 115.1 | 115.8 | 115.7 | 115.6 |
| Piece Goods | | | | | | |
| Silks | 57.4 | 70.9 | 84.7 | 85.1 | 84.9 | 84.9 |
| Woolens | 69.2 | 91.8 | 107.8 | 108.5 | 108.4 | 108.2 |
| Cotton Wash Goods | 68.6 | 111.3 | 142.8 | 144.1 | 143.4 | 143.4 |
| Domestic | | | | | | |
| Sheets | 65.0 | 99.3 | 126.7 | 127.7 | 127.2 | 127.0 |
| Blankets & Comfortables | 72.9 | 119.2 | 134.3 | 135.2 | 135.2 | 134.9 |
| Women's Apparel | | | | | | |
| Hosiery | 59.2 | 73.3 | 92.7 | 94.8 | 94.5 | 94.1 |
| Aprons & House Dresses | 75.5 | 107.9 | 139.5 | 141.0 | 140.8 | 140.6 |
| Corsets & Brassieres | 83.6 | 93.5 | 110.0 | 111.4 | 111.4 | 111.3 |
| Furs | 66.8 | 121.5 | *135.3 | *136.3 | *136.1 | *136.0 |
| Underwear | 69.2 | 87.4 | 102.4 | 103.1 | 102.8 | 102.8 |
| Shoes | 76.5 | 89.0 | 92.1 | 92.5 | 92.5 | 92.5 |
| Men's Apparel | | | | | | |
| Hosiery | 64.9 | 87.5 | 106.0 | 108.6 | 108.1 | 108.1 |
| Underwear | 69.6 | 92.8 | 114.4 | 115.6 | 114.7 | 114.7 |
| Shirts & Neckwear | 74.3 | 86.4 | 98.8 | 99.6 | 99.2 | 99.0 |
| Hats & Caps | 69.7 | 84.5 | 92.7 | 94.9 | 94.3 | 94.3 |
| Clothing incl. Overalls | 70.1 | 93.4 | 104.7 | 105.3 | 105.1 | 105.1 |
| Shoes | 76.3 | 95.9 | 108.3 | 109.8 | 109.6 | 109.5 |
| Infants' Wear | | | | | | |
| Socks | 74.0 | 104.0 | 113.4 | 115.6 | 115.1 | 114.4 |
| Underwear | 74.3 | 95.3 | 103.2 | 103.8 | 103.8 | 103.6 |
| Shoes | 80.9 | 95.1 | 105.8 | 106.4 | 105.9 | 105.9 |
| Furniture | 69.4 | 113.3 | 129.1 | 129.3 | 129.2 | 129.2 |
| Floor Coverings | 79.9 | 133.6 | 145.2 | 147.0 | 146.8 | 146.8 |
| Radios | 50.6 | 54.5 | *66.7 | *66.8 | *66.8 | *66.8 |
| Luggage | 60.1 | 77.9 | *94.7 | *95.2 | *95.0 | *94.8 |
| Electrical Household Appliances | 72.5 | 82.9 | *93.5 | *93.6 | *93.6 | *93.5 |
| China | 81.5 | 100.3 | 110.4 | 110.9 | 110.8 | 110.7 |

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

*The Federal tax of 10% at retail is excluded in the computation of the fur index. The excise taxes on luggage, radios, and electrical appliances are levied on the manufacturers.

## Engineering Construction At $401,603,000 Second Highest Week Of Year

Engineering construction awards for the week total $401,603,000; the second highest weekly value ever reported, says the "Engineering News-Record" under date of July 9. It is also the second highest week of the year. The all-time record to date, $434,955,000, was established in the week of May 7 of this year. The Association's report continued as follows:

This week's total is 84½% above the preceding week's total and 34% above the corresponding high week of 1941 which totaled $298,718,000.

Public construction at $393,366,000 is 99% above last week and 45% above the same week last year, while private construction is 40% and 71% lower for the same weeks.

Federal construction continues at its high level and is 111% above last week and 59% above a year ago.

The current week's high value brings the total for the year to $5,524,720,000, a gain of 72% over the same period last year. Federal construction to date shows a gain of 180% over last year.

Construction volumes for the 1941 week, last week, and the current week are:

| | 7-10-41 | 7-2-42 | 7-9-42 |
|---|---|---|---|
| Total Construction | $298,718,000 | $217,823,000 | $401,603,000 |
| Private Construction | 27,643,000 | 20,243,000 | 8,237,000 |
| Public Construction | 271,075,000 | 197,580,000 | 393,366,000 |
| State and Municipal | 28,707,000 | 13,804,000 | 8,271,000 |
| Federal | 242,368,000 | 183,776,000 | 385,095,000 |

Public buildings and unclassified construction are mainly responsible for the week's high total, while gains are also recorded in waterworks and sewerage construction. Subtotals for the week in each class of construction are: waterworks, $7,235,000; sewerage, $3,682,000; bridges, $669,000; industrial buildings, $868,000; commercial buildings and large-scale housing, $6,874,000; public buildings, $299,023,000; streets and roads, $9,994,000; earthwork and drainage, $2,246,000; and unclassified construction, $70,987,000.

New construction financing for the week is made up of state and municipal bonds totaling $1,374,000. The total for the year to date is $7,800,618 compared with $4,917,760 for the same period last year.

## Bankers Dollar Acceptances Outstanding On June 30 Decline To $162,849,000

The volume of bankers' dollar acceptances outstanding on June 30 totaled $162,849,000, a decrease of $11,057,000 from the May 29 figure and a new low for the last 25 years, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York, issued July 13. The total amount of acceptances outstanding on May 29 was $173,906,000 and on June 30, 1941, $212,932,000.

In comparison with a month ago and a year ago, only credits for domestic shipments and domestic warehouse credits were higher.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES
BY FEDERAL RESERVE DISTRICTS

| Federal Reserve District— | June 30, 1942 | May 29, 1942 | June 30, 1941 |
|---|---|---|---|
| 1 Boston | $32,578,000 | $31,939,000 | $29,966,000 |
| 2 New York | 95,176,000 | 106,856,000 | 134,636,000 |
| 3 Philadelphia | 9,148,000 | 9,577,000 | 12,383,000 |
| 4 Cleveland | 2,707,000 | 2,631,000 | 2,745,000 |
| 5 Richmond | 1,255,000 | 1,330,000 | 839,000 |
| 6 Atlanta | 2,408,000 | 2,661,000 | 2,319,000 |
| 7 Chicago | 3,810,000 | 4,641,000 | 5,112,000 |
| 8 St. Louis | 440,000 | 550,000 | 506,000 |
| 9 Minneapolis | 113,000 | 179,000 | 122,000 |
| 10 Kansas City | ------- | ------- | ------- |
| 11 Dallas | 2,143,000 | 2,189,000 | 505,000 |
| 12 San Francisco | 13,071,000 | 11,353,000 | 23,799,000 |
| Grand Total | $162,849,000 | $173,906,000 | $212,932,000 |

Decrease for month $11,057,000. Decrease for year $50,083,000.

ACCORDING TO NATURE OF CREDIT

| | June 30, 1942 | May 29, 1942 | June 30, 1941 |
|---|---|---|---|
| Imports | $93,950,000 | $101,049,000 | $123,107,000 |
| Exports | 12,557,000 | 15,800,000 | 24,265,000 |
| Domestic shipments | 14,312,000 | 11,886,000 | 10,934,000 |
| Domestic warehouse credits | 37,837,000 | 30,714,000 | 31,574,000 |
| Dollar exchange | 397,000 | 1,128,000 | 3,128,000 |
| Based on goods stored in or shipped between foreign countries | 3,796,000 | 13,329,000 | 19,924,000 |

BILLS HELD BY ACCEPTING BANKS

Own Bills $78,277,000 Bills of Others $43,664,000 Total $121,942,000
Decrease for month $10,571,000

Current Market Rates on Prime Bankers Acceptances July 13, 1942

| Days | Dealers' Buying Rates | Dealers' Selling Rates |
|---|---|---|
| 30 | ½ | 7/16 |
| 60 | ½ | 7/16 |
| 90 | ½ | 7/16 |
| 120 | 9/16 | ½ |
| 150 | ⅝ | 9/16 |
| 180 | ⅝ | 9/16 |

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since July 31, 1939:

| 1939— | | 1940— | | 1941— | |
|---|---|---|---|---|---|
| July 31 | $236,010,050 | July 31 | $188,350,000 | July 31 | $209,899,000 |
| Aug. 31 | 235,034,177 | Aug. 31 | 181,813,000 | Aug. 30 | 197,472,000 |
| Sept. 30 | 215,881,724 | Sept. 30 | 176,614,000 | Sept. 30 | 176,801,000 |
| Oct. 31 | 221,115,945 | Oct 31 | 186,789,000 | Oct. 31 | 184,806,000 |
| Nov. 30 | 222,599,000 | Nov. 30 | 196,683,000 | Nov. 29 | 193,590,000 |
| Dec. 30 | 232,644,000 | Dec. 31 | 208,659,000 | Dec. 31 | 194,220,000 |
| 1940— | | 1941— | | 1942— | |
| Jan. 31 | 229,230,000 | Jan. 31 | 212,777,000 | Jan. 31 | 197,278,000 |
| Feb. 29 | 233,015,000 | Feb. 28 | 211,865,000 | Feb. 28 | 190,010,000 |
| Mar. 30 | 229,705,000 | Mar. 31 | 217,312,000 | Mar. 31 | 182,675,000 |
| Apr. 30 | 223,305,000 | Apr. 30 | 219,561,000 | Apr. 30 | 177,293,000 |
| May 31 | 213,685,000 | May 31 | 215,005,000 | May 29 | 173,906,000 |
| June 29 | 206,149,000 | June 30 | 212,932,000 | June 30 | 162,849,000 |

## Steel Output Again Higher—Scrap Easier—Directives Cover Nearly All Steel Orders

"Soon the WPB Iron and Steel Branch will announce that all steel mill products are to be directed on a quota basis," according to "The Iron Age" in its issue of today (July 15). "Each mill unit will be instructed to produce a specified tonnage of each product," states this publication, which further adds in part: "The new system, which aims toward product balance so that short items such as plates, structural steel, tubing and shell steel will be produced in adequate quantities, is being tested on a minor scale prior to application to the entire steel industry.

"The high operating rate reflects all out efforts of producers to keep their furnaces melting despite all obstacles. In peacetime, many units now operating would be down for repairs but the pressure to build the war machine is forcing producers to squeeze out every possible pound of metal.

"The scrap situation in some areas is temporarily easier but this condition is not expected to last.

"New light is thrown on the steel scrap situation with the release by the American Iron and Steel Institute, for the first time, of a pig iron and steel scrap analysis. The analysis shows, for example, that the steel industry opened 1941 with an inventory of 3,939,244 tons of iron, steel and alloy scrap, manufactured 25,775,584 tons in addition to 554,506 tons of synthetic, purchased 16,059,889 tons, consumed 43,704,038 tons, sold 461,529 tons and closed the year with an inventory of 2,158,656 tons.

"July apparently will set a new high in the volume of allocations and directives in the steel industry, with some companies reporting 80 to 90% of their business so covered and only a small portion of the July output remaining for A-1-a orders. Reports have cropped up that some fabricating plants making essential war goods have been forced to shut down some departments because they are unable to obtain deliveries on A-1-a material. The steel companies, on the other hand, because of allocations and directives which involve tremendous lend-lease tonnages, have no alternative but to follow orders of the WPB."

The American Iron and Steel Institute on July 13 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.1% of capacity for the week beginning July 13, compared with 97.7% one week ago, 98.3% one month ago and 95.2 one year ago. This represents an increase of 1.4 points, or 1.4% from the preceding week. The operating rate for the week beginning July 13 is equivalent to 1,683,300 tons of steel ingots and castings, compared to 1,659,600 tons one week ago, 1,669,700 tons one month ago, and 1,572,900 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on July 13 stated in part: "Extent to which allocations and directives have superseded priority ratings is indicated by the statement of an eastern steelmaker that more than 83% of its orders are covered by direct order and less than 17% is available for A-1-a or lower ratings. In the Chicago district mills estimate that approximately 90% of orders are on directives.

"Reclassification of orders under the new designations, AAA, AA-1, AA-2, etc., has not been undertaken to any extent, except that orders formerly rated at AA have automatically become AA-2. The latter rating now is the measure for deliveries on most products. For several weeks producers have been unable to promise definite deliveries on major products with A-1-a rating and at present this priority has practically no standing. Assignment of the higher ratings under the new plan is expected to appear soon but as long as the high proportion of allocations persists even these will not have much effect.

"Lend-lease requirements, about 650,000 tons per month, are increasingly contracting supply of semifinished steel for domestic products and some finishing mills are operating only intermittently as steel is received. This applies to sheets and wire especially."

## U. S. Purchasing Agency Established In Brazil

A United States purchasing commission had been established in Brazil to take charge of the purchase and export of all strategic materials from Brazil, according to an announcement made in Rio de Janeiro on July 4 by Ambassador Jefferson Caffrey. The commission, the Associated Press reported, will start functioning immediately and will assume the duties here of the Metals Reserve Co., Defense Supplies Corp., Commodity Credit Corp., Rubber Reserve Co., and other United States Procurement agencies.

Mr. Caffery explained creation of the purchasing commission was made necessary by the heavy increase in Brazilian production and shipment of materials vital to the war effort.

The commission, it was explained, was established by agreement between the two governments, "and in anticipation of new agreements between the two governments."

## Tool Engineers To Meet

Plans are now under way for the war production conference to be held by the American Society of Tool Engineers at Springfield, Mass., on Oct. 16 and 17. National officers of the Society and chairmen of the New England chapters have already launched plans for the meeting. It is stated that no fall session held by the A. S. T. E. in the past has ever placed as much stress on the technical problems as the planned war production conference, which has already listed five technical sessions on the two days. The conference committee, headed by past national President, Frank W. Curtis, is composed of the chairmen of the seven New England chapters and heads of Northern New Jersey and Schenectady, N. Y. chapters.

## Non-Ferrous Metals—250,000 Tons Of Frozen Copper To Be Released—Output Data Censored

***Editor's Note.—Upon request of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.***

"E. & M. J. Metal and Mineral Markets," in its issue of July 9, stated: "The Code of Wartime Practices of the Office of Censorship states that statistical information other than officially issued by a proper government department which would disclose the amounts of strategic or critical materials produced, imported, or in reserve is not to be published in the press. Conforming with the censorship regulations, both the American Zinc Institute and the American Bureau of Metal Statistics withheld reports on smelter operations in zinc and lead usually released during the first week of the month. The publication further went on to say in part:

### Copper

Priorities Regulation 13 was issued July 7 by the Division of Industry Operations governing special sales or idle or excess materials by persons who are not regularly engaged in the business of selling sucn materials. The order will release the equivalent of 250,000 tons of copper now frozen under conservation measures. Intake of scrap is increasing.

The price situation on both domestic and foreign copper was unchanged.

### Lead

Most consumers of lead now are convinced that they will have to operate under the Production Requirements Plan. However, those in need of metal should experience no difficulty in obtaining supplies under the plan. Quotations were unchanged at 6.50c, New York, and 6.36c, St. Louis.

Owing to censorship regulations, the monthly statistics showing total stocks of lead in the hands of smelters and refiners, and receipts of lead in ore and scrap, are no longer available for publication.

Beginning with July, a separate order fixing the percentage of lead to be set aside for the pool will not be issued monthly by the Division of Industry Operations. Instead, the 15% deduction for the pool hereafter will apply to each month "until further notice." The base period for calculating pool requirements will be the second preceding month.

The latest report on relative scarcity of raw materials issued by the Conservation and Substitution Branch of WPB places lead in group three, which embraces commodities generally available in significant quantities as substitutes for less available materials.

### Zinc

The American Zinc Institute announced on July 8 that circulation of statistics on smelter output has been restricted to members of the zinc industry because of censorship regulations.

The price situation was unchanged.

### Tin

Exports of tin concentrate from Bolivia during April amounted to 3,244 metric tons (tin content), against 3,899 tons in the same month last year, according to Banco Minero de Bolivia. Exports during the first four months of the current year totaled 13,153 tons, against 13,210 tons in the Jan.-April period of 1941.

Straits quality tin for future delivery was nominally as follows:

| | July | August | Sept. |
|---|---|---|---|
| July 2 | 52.000 | 52.000 | 52.000 |
| July 3 | 52.000 | 52.000 | 52.000 |
| July 4 | —HOLIDAY— | | |
| July 6 | 52.000 | 52.000 | 52.000 |
| July 7 | 52.000 | 52.000 | 52.000 |
| July 8 | 52.000 | 52.000 | 52.000 |

Chinese tin, 99%, spot, 51.125c, all week.

### Quicksilver

Official advices from Mexico state that output of quicksilver in that country during February amounted to 116,199 kilograms, against 112,710 kilograms in January.

Price Administrator Henderson ruled last week that the maximum prices on quicksilver apply to every grade and kind sold in 76-pound flasks. Amendment 1 to the price schedule now defines "mercury" as prime virgin mercury, redistilled mercury, reclaimed mercury, and all other kinds and grades of mercury. The amended schedule, effective July 7, 1942, also provides that all kinds and grades of mercury sold in containers of 25 pounds or less shall be sold and bought for not more than the normal differentials prevailing between Oct. 1 and Oct. 15, 1941.

Quotations in New York during the last week were unchanged.

### Silver

During the past week the Silver Market in London has been steady, with the price unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 35⅛c and 35c, respectively.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

| July | Electrolytic Copper Domest., Refin. | Electrolytic Copper Exp., Refin. | Straits Tin, New York | Lead New York | Lead St. Louis | Zinc St. Louis |
|---|---|---|---|---|---|---|
| 2 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| 3 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| 4 | Holiday | 11.700 | —Holiday— | | | |
| 6 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| 7 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| 8 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| Average | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |

Average prices for calendar week ended July 4 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead. 6.500c.; St. Louis lead, 6.350c.; St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c is deducted from f.a.s. basis (lighterage, to arrive at the f.o.b. refinery quotation).

## Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

| Month— | Industrials (125) | Railroads (25) | Utilities (25) | Banks (15) | Insurance (10) | Average Yield (200) |
|---|---|---|---|---|---|---|
| January, 1942 | 7.4% | 7.2% | 7.6% | 5.3% | 4.5% | 7.2% |
| February, 1942 | 7.2 | 7.4 | 7.7 | 5.6 | 4.6 | 7.1 |
| March, 1942 | 7.7 | 8.2 | 8.5 | 6.0 | 5.0 | 7.7 |
| April, 1942 | 7.7 | 8.3 | 8.9 | 6.1 | 5.3 | 7.8 |
| May, 1942 | 6.7 | 7.8 | 8.2 | 5.7 | 4.9 | 6.9 |
| June, 1942 | 6.4 | 7.8 | 8.4 | 5.6 | 4.3 | 6.6 |

## Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

| 1942— Daily Averages | U. S. Govt. Bonds | Avge. Corporate * | Corporate by Ratings * Aaa | Aa | A | Baa | Corporate by Groups * R. R. | P. U. | Indus |
|---|---|---|---|---|---|---|---|---|---|
| July 14 | 118.19 | 106.74 | 116.41 | 113.31 | 107.98 | 91.62 | 95.77 | 111.44 | 114.27 |
| 13 | 118.28 | 106.74 | 116.41 | 113.31 | 107.98 | 91.62 | 95.77 | 111.44 | 114.27 |
| 11 | 118.26 | 106.74 | 116.41 | 113.50 | 107.98 | 91.62 | 95.77 | 111.25 | 114.27 |
| 10 | 118.26 | 106.74 | 116.41 | 113.31 | 107.80 | 91.62 | 95.77 | 111.25 | 114.08 |
| 9 | 118.31 | 106.74 | 116.41 | 113.12 | 107.98 | 91.62 | 95.77 | 111.44 | 114.08 |
| 8 | 118.25 | 106.56 | 116.41 | 113.31 | 107.80 | 91.48 | 95.77 | 111.25 | 114.08 |
| 7 | 118.22 | 106.56 | 116.41 | 113.12 | 107.80 | 91.77 | 95.77 | 111.25 | 114.08 |
| 6 | 118.05 | 106.56 | 116.22 | 113.12 | 107.98 | 91.48 | 95.77 | 111.25 | 113.89 |
| 4 | Exchange Closed | | | | | | | | |
| 3 | 118.09 | 106.56 | 116.22 | 113.12 | 107.98 | 91.34 | 95.77 | 111.25 | 113.89 |
| 2 | 118.12 | 106.56 | 116.41 | 113.12 | 107.98 | 91.19 | 95.62 | 111.07 | 114.08 |
| 1 | 118.18 | 106.39 | 116.41 | 112.93 | 107.80 | 91.19 | 95.62 | 111.07 | 113.89 |
| June 26 | 118.14 | 106.39 | 116.22 | 112.93 | 107.80 | 91.05 | 95.47 | 110.88 | 113.89 |
| 19 | 118.33 | 106.39 | 116.22 | 112.93 | 107.62 | 91.19 | 95.47 | 110.88 | 113.89 |
| 12 | 118.33 | 106.21 | 116.02 | 112.75 | 107.44 | 91.19 | 95.62 | 110.88 | 113.50 |
| 5 | 118.38 | 106.21 | 115.82 | 112.93 | 107.27 | 91.34 | 95.77 | 110.70 | 113.31 |
| May 29 | 118.35 | 106.39 | 116.02 | 112.93 | 107.44 | 91.77 | 96.07 | 110.70 | 113.70 |
| 22 | 118.33 | 106.56 | 116.02 | 112.93 | 107.44 | 91.91 | 96.07 | 110.70 | 113.50 |
| 15 | 117.89 | 106.74 | 116.02 | 113.31 | 107.62 | 92.06 | 96.54 | 110.88 | 113.70 |
| 8 | 117.79 | 106.74 | 116.22 | 113.12 | 107.62 | 92.20 | 96.69 | 110.70 | 113.70 |
| 1 | 117.90 | 106.56 | 116.22 | 113.12 | 107.44 | 92.06 | 96.69 | 110.70 | 113.70 |
| Apr. 24 | 117.80 | 106.74 | 116.22 | 113.12 | 107.62 | 92.06 | 96.69 | 110.70 | 113.70 |
| 17 | 118.08 | 106.92 | 116.41 | 113.70 | 107.62 | 92.20 | 96.85 | 110.88 | 113.89 |
| 10 | 118.06 | 106.92 | 116.41 | 113.89 | 107.62 | 92.35 | 97.16 | 110.70 | 114.08 |
| 2 | 118.10 | 106.92 | 116.22 | 113.70 | 107.62 | 92.20 | 97,00 | 110.52 | 114.08 |
| Mar. 27 | 118.20 | 106.74 | 116.22 | 113.50 | 107.62 | 91.91 | 97.00 | 110.34 | 113.50 |
| Feb. 27 | 116.34 | 106.39 | 115.63 | 113.31 | 107.62 | 91.62 | 96.85 | 110.15 | 113.31 |
| Jan. 30 | 117.08 | 106.92 | 116.22 | 113.70 | 107.80 | 92.06 | 97.31 | 110.52 | 113.70 |
| High 1942 | 118.41 | 106.92 | 116.61 | 114.08 | 107.98 | 92.50 | 97.47 | 111.44 | 114.27 |
| Low 1942 | 115.90 | 106.04 | 115.43 | 112.75 | 107.09 | 90.63 | 95.32 | 109.60 | 112.75 |
| High 1941 | 120.05 | 108.52 | 118.60 | 116.02 | 109.60 | 92.50 | 97.78 | 112.56 | 116.41 |
| Low 1941 | 115.89 | 105.52 | 116.22 | 112.00 | 106.04 | 89.23 | 95.62 | 109.42 | 111.62 |
| 1 Year ago July 14, 1941 | 119.42 | 107.62 | 118.40 | 115.04 | 108.16 | 91.91 | 97.31 | 111.81 | 115.04 |
| 2 Years ago July 13, 1940 | 115.61 | 102.96 | 115.43 | 112.93 | 102.80 | 84.94 | 91.34 | 109.06 | 110.34 |

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

| 1942— Daily Average | Avge. Corporate | Corporate by Ratings Aaa | Aa | A | Baa | Corporate by Groups R. R. | P. U. | Indus |
|---|---|---|---|---|---|---|---|---|
| July 14 | 3.35 | 2.83 | 2.99 | 3.28 | 4.30 | 4.02 | 3.09 | 2.94 |
| 13 | 3.35 | 2.83 | 2.99 | 3.28 | 4.30 | 4.02 | 3.09 | 2.94 |
| 11 | 3.35 | 2.83 | 2.98 | 3.28 | 4.30 | 4.02 | 3.10 | 2.94 |
| 10 | 3.35 | 2.83 | 2.99 | 3.29 | 4.30 | 4.02 | 3.10 | 2.95 |
| 9 | 3.35 | 2.83 | 3.00 | 3.28 | 4.30 | 4.03 | 3.09 | 2.95 |
| 8 | 3.36 | 2.83 | 2.99 | 3.29 | 4.31 | 4.02 | 3.10 | 2.95 |
| 7 | 3.36 | 2.83 | 3.00 | 3.29 | 4.31 | 4.02 | 3.10 | 2.95 |
| 6 | 3.36 | 2.84 | 3.00 | 3.28 | 4.31 | 4.02 | 3.10 | 2.96 |
| 4 | Exchange Closed | | | | | | | |
| 3 | 3.36 | 2.84 | 3.00 | 3.28 | 4.32 | 4.02 | 3.10 | 2.96 |
| 2 | 3.36 | 2.83 | 3.00 | 3.28 | 4.33 | 4.03 | 3.11 | 2.95 |
| 1 | 3.37 | 2.83 | 3.01 | 3.29 | 4.33 | 4.03 | 3.11 | 2.96 |
| June 26 | 3.37 | 2.84 | 3.01 | 3.29 | 4.34 | 4.04 | 3.12 | 2.96 |
| 19 | 3.37 | 2.84 | 3.01 | 3.30 | 4.33 | 4.04 | 3.12 | 2.96 |
| 12 | 3.38 | 2.85 | 3.02 | 3.31 | 4.33 | 4.03 | 3.12 | 2.98 |
| 5 | 3.38 | 2.86 | 3.01 | 3.32 | 4.32 | 4.02 | 3.13 | 2.99 |
| May 29 | 3.37 | 2.85 | 3.01 | 3.31 | 4.29 | 4.00 | 3.13 | 2.97 |
| 22 | 3.36 | 2.85 | 3.01 | 3.31 | 4.28 | 4.00 | 3.13 | 2.98 |
| 15 | 3.35 | 2.85 | 2.99 | 3.30 | 4.27 | 3.97 | 3.12 | 2.97 |
| 8 | 3.35 | 2.84 | 3.00 | 3.30 | 4.26 | 3.96 | 3.13 | 2.97 |
| 1 | 3.36 | 2.84 | 3.00 | 3.31 | 4.27 | 3.96 | 3.13 | 2.97 |
| Apr. 24 | 3.35 | 2.84 | 3.00 | 3.30 | 4.27 | 3.96 | 3.13 | 2.97 |
| 17 | 3.34 | 2.83 | 2.97 | 3.30 | 4.26 | 3.95 | 3.12 | 2.96 |
| 10 | 3.34 | 2.83 | 2.96 | 3.30 | 4.25 | 3.93 | 3.13 | 2.95 |
| 2 | 3.34 | 2.84 | 2.97 | 3.30 | 4.26 | 3.94 | 3.14 | 2.95 |
| Mar. 27 | 3.35 | 2.84 | 2.98 | 3.30 | 4.28 | 3.94 | 3.15 | 2.98 |
| Feb. 27 | 3.37 | 2.87 | 2.99 | 3.30 | 4.30 | 3.95 | 3.16 | 2.99 |
| Jan. 30 | 3.34 | 2.84 | 2.97 | 3.29 | 4.27 | 3.92 | 3.14 | 2.97 |
| High 1942 | 3.39 | 2.88 | 3.02 | 3.33 | 4.37 | 4.05 | 3.19 | 3.02 |
| Low 1942 | 3.34 | 2.82 | 2.95 | 3.28 | 4.24 | 3.91 | 3.09 | 2.94 |
| High 1941 | 3.42 | 2.86 | 3.06 | 3.39 | 4.47 | 4.03 | 3.20 | 3.08 |
| Low 1941 | 3.25 | 2.72 | 2.85 | 3.19 | 4.24 | 3.89 | 3.03 | 2.83 |
| 1 Year ago July 14, 1941 | 3.30 | 2.73 | 2.90 | 3.27 | 4.28 | 3.92 | 3.07 | 2.90 |
| 2 Years ago July 13, 1940 | 3.57 | 2.88 | 3.01 | 3.58 | 4.79 | 4.32 | 3.22 | 3.15 |

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

## Electric Output For Week Ended July 11, 1942 Shows 7.9% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended July 11, 1942, was 3,428,916,000 kwh., which compares with 3,178,054,000 kwh., in the corresponding period in 1941, a gain of 7.9%. The output for the week ended July 4, 1942, was estimated to be 3,424,188,000 kwh., an increase of 17.9% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

| Major Geographical Divisions— | Week Ended July 11, '42 | July 4, '42 | June 27, '42 | June 20, '42 |
|---|---|---|---|---|
| New England | 3.3 | 17.3 | 3.2 | 6.1 |
| Middle Atlantic | 3.6 | 12.7 | 4.8 | 6.8 |
| Central Industrial | 4.1 | 15.1 | 4.3 | 7.5 |
| West Central | 2.9 | 13.3 | 4.3 | 9.9 |
| Southern States | 14.6 | 25.5 | 19.9 | 19.6 |
| Rocky Mountain | 4.8 | 10.4 | 4.8 | 6.3 |
| Pacific Coast | 18.5 | 25.7 | 20.7 | 17.8 |
| Total United States | 7.9 | 17.9 | 9.5 | 11.1 |

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

| Week Ended— | 1942 | 1941 | % Change 1942 over 1941 | 1940 | 1932 | 1929 |
|---|---|---|---|---|---|---|
| May 2 | 3,304,602 | 2,944,906 | +12.2 | 2,503,899 | 1,429,032 | 1,688,434 |
| May 9 | 3,365,208 | 3,003,921 | +12.0 | 2,515,515 | 1,436,928 | 1,698,492 |
| May 16 | 3,356,921 | 3,011,345 | +11.5 | 2,550,071 | 1,435,731 | 1,704,426 |
| May 23 | 3,379,985 | 3,040,029 | +11.2 | 2,588,821 | 1,425,151 | 1,705,460 |
| May 30 | 3,322,651 | 2,954,647 | +12.5 | 2,477,689 | 1,381,452 | 1,615,085 |
| June 6 | 3,372,374 | 3,076,323 | + 9.6 | 2,598,812 | 1,435,471 | 1,689,925 |
| June 13 | 3,463,528 | 3,101,291 | +11.7 | 2,664,853 | 1,441,532 | 1,699,227 |
| June 20 | 3,433,711 | 3,091,672 | +11.1 | 2,653,788 | 1,440,541 | 1,702,501 |
| June 27 | 3,457,024 | 3,156,825 | + 9.5 | 2,659,825 | 1,456,961 | 1,723,428 |
| July 4 | 3,424,188 | 2,903,727 | +17.9 | 2,425,229 | 1,341,730 | 1,592,075 |
| July 11 | 3,428,918 | 3,178,054 | + 7.9 | 2,651,626 | 1,415,704 | 1,711,625 |
| July 18 | ------ | 3,199,105 | ---- | 2,681,071 | 1,433,993 | 1,727,225 |
| July 25 | ------ | 3,220,526 | ---- | 2,760,935 | 1,440,386 | 1,723,031 |
| Aug. 1 | ------ | 3,263,082 | ---- | 2,762,240 | 1,426,986 | 1,724,728 |

## Export Rule Violators To Be Denied Licenses

A procedure whereby persons found violating any statutes, proclamations, executive orders or regulations governing the control of exports from the United States may be denied the privilege of obtaining export licenses was announced on July 1 by the Office of Exports of the Board of Economic Warfare. Under this plan any person charged with a violation will be given an opportunity of replying to the charges in writing or appearing personally before a Compliance Commissioner appointed by the Executive Director of the BEW.

The procedure is further explained by the Office of Exports as follows:

"The findings of the Compliance Commissioner will be advisory only and final disposition will be made by the Chief of the Export Control Branch, Office of Exports, Board of Economic Warfare. In any case where the Compliance Commissioner has found that a violation has occurred, the Chief of the Export Control Branch may issue an order denying the privelege of obtaining export licenses for such periods of time and on such terms as he may prescribe.

"Pending disposition of a case by the Chief of the Export Control Branch all proceedings shall be confidential.

"Any person denied the privilege of obtaining export licenses may appeal in writing to the Assistant Director of the Board of Economic Warfare in charge of the Office of Exports within 10 days after receipt of a suspension order. An order denying the privilege to obtain export licenses will remain in effect pending disposition of the appeal, unless otherwise ordered by the Assistant Director."

## U.S.-Cuba Exchange Pact

The United States and Cuba signed on July 6 an agreement designed to stabilize the exchange rate of the Cuban peso and United States dollar. The document, effective for one year, was signed by Secretary of the Treasury Morgenthau, and the Cuban Ambassador, Dr. Aurelio F. Concheso.

According to the Associated Press, under its terms the United States undertakes to sell gold to the Government of the Republic of Cuba from time to time with payment to be made within 120 days after delivery of the gold provided that the unpaid-for amount of gold shall not at any time exceed $5,000,000.

## Retires As Tax Official

The retirement of Daniel R. Spratt, Deputy Commissioner and director of local assessments and special franchise tax valuations of New York State, effective July 1, was announced in Albany on July 2 by Carroll E. Mealey, Commissioner of Taxation and Finance. Commissioner Mealey at the same time announced the provisional promotion of Raymond B. Slack, Mr. Spratt's assistant, to fill the vacancy.

Mr. Spratt has retired following 30 years of service in the State Tax Department. He had headed the Bureau of Local Assessments, Special Franchises, Land Tax and Equalization since 1923.

## Moody's Daily Commodity Index

| | |
|---|---|
| Tuesday, July 7 | 231.8 |
| Wednesday, July 8 | 231.8 |
| Thursday, July 9 | 233.6 |
| Friday, July 10 | 233.4 |
| Saturday, July 11 | 233.3 |
| Monday, July 13 | 232.4 |
| Tuesday, July 14 | 232.4 |
| Two weeks ago, June 30 | 230.4 |
| Month ago, June 13 | 228.4 |
| Year ago, July 14 | 206.8 |
| 1941 High—Sept. 19 | 219.9 |
| Low—Feb. 16 | 171.6 |
| 1942 High—April 9 | 234.0 |
| Low—Jan. 2 | 220.0 |

# Automobile Financing And Diversified Financing For Month Of May

An increase of 44% for May, 1942, over the preceding month in the number of new passenger cars financed was shown by data reported by sales finance companies, according to an announcement on July 2 by J. C. Capt, Director of the Census. The dollar volume of paper acquired in the financing of new passenger cars increased 43%. For new commercial cars, the number financed and the volume of paper acquired decreased 27% and 24%, respectively. Used passenger car financing decreased 11% for both the number of cars and the dollar volume. In the financing of used commercial cars, the number decreased 18% and the dollar volume of paper acquired dropped 19%.

During April, 1942, retail automotive outstandings of sales finance companies decreased 10%, slightly more than the decline registered for the preceding month.

The volume of paper acquired by sales finance companies in wholesale automotive financing decreased 19% for new cars and 7% for used cars from April to May of this year. The outstanding balances for wholesale automotive financings decreased 6% during May, continuing the downward swing from the high in February.

In retail diversified financing by sales finance companies for May, 1942, compared with the preceding month, the largest decrease (49%) was in the volume of financing of radios, pianos, and other musical instruments. The financing of household appliances, of refrigerators, and of furniture dropped 31%, 20%, and 12%, respectively. Financing of residential building repair and modernization increased slightly. In wholesale diversified financing the volume of paper acqured by sales finance companies was down 24% from April to May of this year.

Diversified outstanding balances held by sales finance companies recorded slight to moderate reductions during May. Outstanding balances were reduced 4% for the retail financing of other consumers' goods, 6% for industrial, commercial, and farm equipment, and 14% for wholesale diversified financing (other than automotive).

The ratios of the paper acquired during May, 1942, to the outstanding balances as of May 31, 1942, were 4% for retail automotive, 5% for wholesale automotive, 6% for retail-other consumers' goods, 5% for industrial, commercial, and farm equipment, and 6% for wholesale—other than automotive.

These data on the current trends of sales financing for the month of May were based on reports for April and for May from 280 sales finance companies. Neither the dollar volumes nor the indexes should be used to indicate the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. All indexes for May were obtained by calculating the percent changes from April to May, as shown by data from reports for April and for May from sales finance companies reporting comparable data, and by linking these percentages to the indexes previously derived for April, 1942.

### Sales—Finance Companies

AUTOMOTIVE AND DIVERSIFIED FINANCING

Volume of Paper Acquired During May, 1942, and Balances Outstanding May 31, 1942

| Class of Paper— | Dollar volume of paper acquired during May, 1942 By all companies* | By all companies reporting outstanding balances† | Outstanding balances May 31, 1942† | Ratio of paper acquired to outstand'g balances‡ |
|---|---|---|---|---|
| Total retail automotive | $28,895,558 | $28,505,734 | $801,141,011 | 4 |
| Total wholesale automotive | 15,904,014 | 15,857,152 | 337,165,703 | 5 |
| Total wholesale—other than automotive | 1,108,270 | 1,060,341 | 5,740,037 | 18 |
| Total retail—other consum. goods | 12,945,482 | 12,708,144 | 247,722,326 | 5 |
| Industrial, commercial and farm equipment | 639,505 | 628,511 | 9,847,339 | 6 |
| Total sales financings | $59,492,829 | $58,759,882 | $1,401,616,416 | 4 |

*Data are based on reports from all sales finance companies regardless of whether or not they could supply a breakdown and whether or not they could report their outstanding balances.

†Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

‡Ratios obtained by dividing paper acquired by outstanding balances for an identical group of firms.

AUTOMOTIVE FINANCING *

Number of Cars Financed and Volume of Paper Acquired During May, 1942

| Class of Paper— | Number of cars Number | % of total | Volume Dollars | % of total |
|---|---|---|---|---|
| Total retail automotive | 69,329 | 100 | †$27,756,760 | 100 |
| New passenger cars | 6,833 | 10 | 5,224,375 | 19 |
| New commercial cars | 522 | 1 | 590,240 | 2 |
| Used passenger cars | 59,132 | 85 | 20,803,172 | 75 |
| Used commercial cars | 2,842 | 4 | 1,138,973 | 4 |
| Total wholesale automotive | ---- | -- | †$14,855,561 | 100 |
| New cars (passenger and commercial) | ---- | -- | 10,991,760 | 74 |
| Used cars (passenger and commercial) | ---- | -- | 3,863,801 | 26 |

*Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. †These amounts are less than those reported in column 1 of above table, due to the inclusion in that table of data from the sales finance companies that could not provide a breakdown.

DIVERSIFIED FINANCING *

Volume of Paper Acquired During May, 1942

| Class of Paper— | Dollar volume | % of total |
|---|---|---|
| Retail—other consumers' goods: | | |
| Furniture | $225,938 | 3 |
| Radio, television sets, pianos & other musical instruments | 93,331 | 1 |
| Refrigerators (gas and electric) | 879,934 | 12 |
| Other household appliances | 293,847 | 4 |
| Residential building repair and modernization | 3,594,841 | 49 |
| Miscellaneous retail | 506,525 | 7 |
| Total retail—other consumers' goods | †5,594,416 | 76 |
| Total wholesale—other than automotive | 1,108,270 | 15 |
| Industrial, commercial, and farm equipment | 639,505 | 9 |
| Total diversified financing | $7,342,191 | 100 |

*Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. †This amount is less than that reported in column 1 of table on "Automotive and Diversified Financing" due to the inclusion in that table of data from the sales finance companies that could not provide a breakdown.

# Cottonseed Receipts Continue Small

On June 13 the Bureau of the Census issued the following statement showed cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the eleven months ended with June, 1942 and 1941:

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

| | Received at mills* Aug. 1 to June 30 1942 | 1941 | Crushed Aug. 1 to June 30 1942 | 1941 | On hand at mills June 30 1942 | 1941 |
|---|---|---|---|---|---|---|
| United States | 3,932,241 | 4,470,696 | 3,946,664 | 4,319,107 | 116,106 | 190,431 |
| Alabama | 222,314 | 210,164 | 228,716 | 198,217 | 4,771 | 12,529 |
| Arizona | 78,234 | 80,261 | 78,060 | 80,249 | 391 | 20 |
| Arkansas | 475,505 | 536,206 | 478,027 | 498,910 | 22,408 | 42,851 |
| California | 158,494 | 201,582 | 161,363 | 194,998 | 3,626 | 9,653 |
| Georgia | 269,059 | 416,195 | 279,641 | 389,519 | 8,334 | 27,803 |
| Louisiana | 85,798 | 133,055 | 85,482 | 132,946 | 842 | 363 |
| Mississippi | 568,048 | 497,131 | 561,465 | 492,156 | 10,609 | 11,489 |
| North Carolina | 215,099 | 276,379 | 218,378 | 268,845 | 6,457 | 11,144 |
| Oklahoma | 239,381 | 237,279 | 230,378 | 236,102 | 9,535 | 1,685 |
| South Carolina | 121,899 | 274,333 | 124,243 | 271,804 | 664 | 3,043 |
| Tennessee | 397,605 | 399,591 | 399,318 | 367,460 | 18,955 | 33,257 |
| Texas | 960,666 | 1,088,659 | 959,515 | 1,070,753 | 28,345 | 33,653 |
| All other States | 140,139 | 119,861 | 142,078 | 117,148 | 1,169 | 2,934 |

*Does not include 130,529 and 39,507 tons on hand Aug. 1 nor 66,103 and 58,912 tons reshipped for 1942 and 1941, respectively. Does include 665 tons destroyed for 1941.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

| Item— | Season | On hand August 1 | Produced Aug. 1 to June 30 | Shipped out Aug. 1 to June 30 | On hand June 30 |
|---|---|---|---|---|---|
| Crude oil | 1941-42 | *29,708 | 1,228,850 | 1,229,490 | *51,291 |
| (thousand pounds) | 1940-41 | 37,352 | 1,399,183 | 1,397,845 | 51,961 |
| Refined oil | 1941-42 | †294,005 | ‡1,120,866 | ------ | †369,745 |
| (thousand pounds) | 1940-41 | 493,658 | 1,294,824 | ------ | 372,756 |
| Cake and meal | 1941-42 | 164,444 | 1,721,279 | 1,635,008 | 250,715 |
| (tons) | 1940-41 | 79,501 | 1,918,086 | 1,773,312 | 224,275 |
| Hulls | 1941-42 | 151,439 | 976,549 | 1,054,095 | 73,893 |
| (tons) | 1940-41 | 20,914 | 1,085,975 | 925,459 | 181,430 |
| Linters | 1941-42 | 123,154 | 1,162,485 | 1,234,994 | 50,645 |
| (running bales) | 1940-41 | 129,340 | 1,183,891 | 1,133,910 | 179,321 |
| Hull fiber | 1941-42 | 1,834 | 30,393 | 31,923 | 304 |
| (500-lb. bales) | 1940-41 | 1,215 | 36,286 | 35,252 | 2,249 |
| Grabbots, motes, &c. | 1941-42 | 6,183 | 53,874 | 36,972 | 23,085 |
| (500-lb. bales) | 1940-41 | 12,449 | 48,956 | 52,188 | 9,217 |

*Includes 13,192,000 and 39,298,000 pounds held by refining and manufacturing establishments and 7,859,000 and 3,976,000 pounds in transit to refiners and consumers Aug. 1, 1941 and June 30, 1942, respectively.

†Includes 7,268,000 and 3,943,000 pounds held by refiners, brokers, agents and warehousemen at places other than refineries and manufacturing establishments and 3,903,000 and 4,149,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc. Aug. 1, 1941 and June 30, 1942, respectively.

‡Produced from 1,200,300,000 pounds of crude oil.

### Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

# Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

| *Period* | *Orders Received Tons* | *Production Tons* | *Unfilled Orders Remaining Tons* | *Percent of Activity* *Current* | *Cumulative* |
|---|---|---|---|---|---|
| 1942—Week Ended— | | | | | |
| Apr. 4 | 161,888 | 169,249 | 436,029 | 100 | 101 |
| Apr. 11 | 145,000 | 153,269 | 428,322 | 93 | 101 |
| Apr. 18 | 129,834 | 153,442 | 404,199 | 94 | 101 |
| Apr. 25 | 139,026 | 156,201 | 388,320 | 93 | 100 |
| May 2 | 135,273 | 152,569 | 371,365 | 90 | 99 |
| May 9 | 130,510 | 143,427 | 360,221 | 86 | 99 |
| May 16 | 119,142 | 141,745 | 336,530 | 82 | 98 |
| May 23 | 120,224 | 140,650 | 316,443 | 81 | 97 |
| May 30 | 113,059 | 132,901 | 288,516 | 77 | 96 |
| June 6 | 110,226 | 120,374 | 283,390 | 69 | 95 |
| June 13 | 115,300 | 125,016 | 274,512 | 72 | 94 |
| June 20 | 98,766 | 117,924 | 248,594 | 69 | 93 |
| June 27 | 104,178 | 120,359 | 231,368 | 72 | 92 |
| July 4 | 94,257 | 100,337 | 223,809 | 59 | 91 |

*Note*—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

# Bank Debits For Month Of June

Bank debits as reported by banks in 274 leading centers for the month of June aggregated $50,110,000,000. During the past three months total debits for the same centers amounted to $145,078,000,000 or 10% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 3% compared with the corresponding three months' period a year ago, and at the 273 other centers there was an increase of 14%.

The report covering the month of May appeared in the June 16, 1942 issue of the "Chronicle" on page 2317.

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

| Federal Reserve District— | June 1942 | June 1941 | —3 Months Ended— June 1942 | June 1941 |
|---|---|---|---|---|
| Boston | 2,854 | 2,490 | 8,410 | 7,354 |
| New York | 19,346 | 18,990 | 55,803 | 53,889 |
| Philadelphia | 2,553 | 2,667 | 7,501 | 7,577 |
| Cleveland | 3,810 | 3,267 | 10,922 | 9,472 |
| Richmond | 2,065 | 1,796 | 6,039 | 5,117 |
| Atlanta | 1,637 | 1,390 | 4,921 | 4,205 |
| Chicago | 7,911 | 6,928 | 22,800 | 19,805 |
| St. Louis | 1,651 | 1,506 | 4,934 | 4,288 |
| Minneapolis | 926 | 814 | 2,708 | 2,444 |
| Kansas City | 1,683 | 1,384 | 4,738 | 4,011 |
| Dallas | 1,305 | 1,092 | 3,337 | 3,266 |
| San Francisco | 4,371 | 3,613 | 12,465 | 10,404 |
| †Total, 274 centers | 50,110 | 45,937 | 145,078 | 131,831 |
| New York City* | 17,394 | 17,282 | 50,402 | 49,063 |
| 140 other centers* | 28,295 | 24,866 | 82,000 | 71,760 |
| †133 other centers | 4,421 | 3,789 | 12,675 | 11,008 |

*Included in the national series covering 141 centers, available beginning in 1919.

†Excluding centers for which figures were not collected by the Board before May 1942.

## Lend-Lease Farm Product Deliveries To June 1

The Department of Agriculture reported on July 5 that more than 5,178,000,000 pounds of farm products had been delivered to representatives of the United Nations for Lend-Lease shipment up to June 1. Total cost of these products, bought by the Agricultural Marketing Administration and delivered at shipping points since the program began in April, 1941, has approximated $701,000,000.

The Agriculture Department further reported:

"During May, 200,914,489 pounds costing $41,528,179 were delivered. The largest transfers were for meats and dairy products, meats totaling 52,098,154 pounds and dairy products 40,383,556 pounds.

"The per unit cost of all commodities delivered in May averaged 20.6 cents a pound.

"Leading commodity groups delivered, with cumulative values up to June 1, 1942, were: dairy products and eggs, $224,378,773; meat, fish, and fowl, $211,615,575; fruits, vegetables, and nuts, $54,854,382; grain and cereal products, $27,714,251; lards, fats, and oils, $56,006,163. Purchases of other foodstuffs totaled $5,109,791 and non-foodstuffs, $121,378,244.

## REA Prepaid On Loans

The U. S. Department of Agriculture said on June 30 that 87 rural electric systems, financed by the Rural Electrification Administration, in 24 States paid $502,340 on their REA loans in advance of due dates during the month of May. The Department added:

"Prepayments on funds loaned by the REA totaled $5,657,717 on June 1. This was in addition to regular principal and interest payments of $15,155,941 made as scheduled in loan contracts. Accounts as much as 30 days past due totaled only $246,181. Only 59 systems of 871 financed by REA were delinquent in their payments."

"May set an all-time high record for advance payments," REA Administrator Harry Slattery said. "Among the systems that are keeping ahead of their amortization schedules are many operating in areas in which electrification was formerly thought to be not economically feasible." It was added that the REA on April 1 had advanced $344,620,369 on loans to borrowers in 45 States, Alaska and the Virgin Islands. The 788 systems energized on that date were operating 359,549 miles of line, serving 946,371 farm and other rural consumers.

## Complete Army Supply Bill

President Roosevelt signed on July 2 the $42,800,000,000 War Department Appropriation Bill.

Legislative action on the measure—the largest appropriation request in the nation's history—was completed on June 30.

Passing the bill on a voice vote, the Senate returned the measure to the House where concurrence on June 30 in two minor amendments was given.

This appropriation bill is more than $1,000,000,000 in excess of the total direct outlay for the first World War. It carries funds for the purchase of 23,550 airplanes and about 100,000 tanks and for equipping and maintaining an army of 4,500,000 men by July 1, 1943.

Associated Press advices June 30 said:

"Of the total amount appropriated, $12,700,000,000 would be set aside for lend-lease operations, $11,316,000,000 allocated to the aviation program, $9,948,000,000 for ordnance purchases and $3,721,000,000 for transportation and equipment."

House passage of the measure on June 23 was reported in our June 25 issue, page 2392.

# Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report states that the total production of soft coal in the week ended July 4, curtailed by the miners' holiday and the universal observance of Independence Day, dropped to 8,135,000 tons. This compares with 11,425,000 tons in the preceding week, and 6,822,000 tons in the corresponding week last year.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended July 4 was estimated at 941,000 tons, a decrease of 297,000 tons, or 24% from the preceding week. Due to the miners' vacation, the output for the week of July 5, 1941 was only 64,000 tons. The calendar year to date shows a gain of 11.2% when compared with the corresponding period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of by product coke in the United States for the week ended July 4 showed an increase of 4,200 tons when compared with the output for the week ended June 27. The quantity of coke from beehive ovens decreased 33,700 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

(Data for Pennsylvania anthracite from Weekly Anthracite and Beehive Coke Report of the Bureau of Mines; data for crude petroleum computed from weekly statistics of American Petroleum Institute.)

| | Week Ended | | | January 1 to Date | | |
|---|---|---|---|---|---|---|
| Bituminous and lignite coal— | July 4, 1942 | †June 27, 1942 | July 5, 1941 | July 4, 1942 | July 5, 1941 | July 3, 1937 |
| Total, incl. mine fuel | 8,135 | 11,425 | 6,822 | 290,469 | 233,443 | 227,625 |
| Daily average | ‡2,034 | 1,904 | 2,006 | 1,880 | 1,508 | 1,465 |
| *Crude petroleum— | | | | | | |
| Coal equivalent of weekly output | 5,281 | 5,958 | 5,860 | 160,039 | 156,751 | 143,336 |

*Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702). †Revised. ‡Average based on a 4-day working week.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

| | Week Ended | | | Calendar Year to Date | | |
|---|---|---|---|---|---|---|
| Penn anthracite— | §July 4, 1942 | June 27, 1942 | July 5, 1941 | §July 4, 1942 | July 5, 1941 | July 6, 1929 |
| *Total, incl. colliery fuel | 941,000 | 1,238,000 | 64,000 | 29,997,000 | 26,965,000 | 36,284,000 |
| †Commercial production | 894,000 | 1,176,000 | 61,000 | 28,497,000 | 25,617,000 | 33,672,000 |
| Beehive coke— | | | | | | |
| United States total | 138,000 | 171,700 | 121,400 | 4,022,200 | 3,046,700 | 3,497,300 |
| By-product coke— | | | | | | |
| United States total | 1,188,300 | 1,184,600 | ‡ | 31,048,900 | ‡ | ‡ |

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

| | Week Ended | | | | | June avge. |
|---|---|---|---|---|---|---|
| State— | June 27, 1942 | June 20, 1942 | June 28, 1941 | June 29, 1940 | June 26, 1937 | ¶1923 |
| Alaska | 4 | 5 | 4 | 3 | 3 | ** |
| Alabama | 393 | 386 | 368 | 284 | 246 | 387 |
| Arkansas and Oklahoma | 78 | 80 | 21 | 19 | 17 | 70 |
| Colorado | 138 | 130 | 103 | 57 | 80 | 175 |
| Georgia and North Carolina | 1 | 1 | 1 | †† | †† | ** |
| Illinois | 1,212 | 1,151 | 1,102 | 748 | 604 | 1,243 |
| Indiana | 402 | 311 | 451 | 272 | 246 | 416 |
| Iowa | 47 | 46 | 43 | 48 | 16 | 88 |
| Kansas and Missouri | 142 | 125 | 145 | 90 | 72 | 128 |
| Kentucky—Eastern | 973 | 978 | 983 | 786 | 704 | 661 |
| Kentucky—Western | 241 | 242 | 210 | 116 | 121 | 183 |
| Maryland | 42 | 39 | 40 | 22 | 24 | 47 |
| Michigan | 5 | 2 | †† | †† | 4 | 12 |
| Montana (bituminous and lignite) | 61 | 52 | 48 | 48 | 35 | 38 |
| New Mexico | 29 | 30 | 22 | 22 | 22 | 51 |
| North and South Dakota (lignite) | 27 | 18 | 25 | 16 | 12 | **14 |
| Ohio | 757 | 743 | 667 | 458 | 416 | 888 |
| Pennsylvania (bituminous) | 2,850 | 2,778 | 3,030 | 2,192 | 1,934 | 3,613 |
| Tennessee | 154 | 152 | 153 | 117 | 98 | 113 |
| Texas (bituminous and lignite) | 5 | 6 | 7 | 15 | 18 | 21 |
| Utah | 113 | 111 | 47 | 38 | 34 | 89 |
| Virginia | 408 | 410 | 403 | 277 | 231 | 240 |
| Washington | 44 | 40 | 29 | 27 | 30 | 40 |
| *West Virginia—Southern | 2,302 | 2,297 | 2,382 | 1,891 | 1,620 | 1,380 |
| †West Virginia—Northern | 889 | 883 | 893 | 582 | 565 | 856 |
| Wyoming | 108 | 108 | 108 | 71 | 81 | 104 |
| ‡Other Western States | †† | 1 | †† | †† | †† | **5 |
| Total bituminous and lignite | 11,425 | 11,125 | 11,285 | 8,199 | 7,233 | 10,866 |
| §Pennsylvania anthracite | 1,238 | 1,212 | 1,314 | 1,065 | 937 | 1,956 |
| Total, all coal | 12,663 | 12,337 | 12,599 | 9,264 | 8,170 | 12,822 |

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

# Wholesale Commodity Prices Continue Steady In July 4 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on July 9 that average primary market prices for most industrial commodities have continued comparatively steady since the effective date of the General Maximum Price Regulation. During the week ended July 4 higher prices for certain farm products, particularly livestock, cotton and fresh vegetables, for gasoline and some types of West Coast lumber caused the Bureau's comprehensive index of 889 price series to advance 0.1%. The general level is now at 98.5% of the 1926 average and is 12.3% above last year at this time.

In addition to an advance of 0.5% in average prices for building materials, fuel and lighting materials increased 0.4%; farm products, 0.3%; and miscellaneous commodities, 0.1%. Indexes for the remaining six commodity groups were unchanged from levels of the previous week.

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes, however, must be considered as preliminary and subject to such adjustment and revision as required by late and more complete reports.

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes, however, must be considered as preliminary and subject to such adjustment and revision as required by late and more complete reports.

The following table shows index numbers of the principal groups of commodities for the past 3 weeks, for June 6, 1942 and July 5, 1941, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

| | | | | | | Percentage changes to July 4, 1942, from— | | |
|---|---|---|---|---|---|---|---|---|
| Commodity Groups— | 7-4 1942 | 6-27 1942 | 6-20 1942 | 6-6 1942 | 7-5 1941 | 6-27 1942 | 6-6 1942 | 7-5 1941 |
| All Commodities | *98.5 | *98.4 | *98.1 | *98.7 | 87.7 | +0.1 | —0.2 | +12.3 |
| Farm products | 104.9 | 104.6 | 104.5 | 105.6 | 84.1 | +0.3 | —0.7 | +24.7 |
| Foods | 99.3 | 99.3 | 98.4 | 99.7 | 84.1 | 0 | —0.4 | +18.1 |
| Hides and leather products | 118.9 | 118.9 | 118.9 | 118.8 | 108.8 | 0 | +0.1 | + 9.3 |
| Textile products | 97.3 | 97.3 | 97.3 | 97.2 | 84.1 | 0 | +0.1 | +15.7 |
| Fuel and lighting materials | 79.5 | 79.2 | 79.0 | 78.9 | 79.0 | +0.4 | +0.8 | + 0.6 |
| Metals and metal products | *104.0 | *104.0 | *104.0 | *104.0 | 98.4 | 0 | 0 | + 5.7 |
| Building materials | 110.6 | 110.0 | 109.9 | 109.9 | 101.7 | +0.5 | +0.6 | + 8.8 |
| Chemicals and allied products | 97.2 | 97.2 | 97.2 | 97.2 | 84.6 | 0 | 0 | +14.9 |
| Housefurnishing goods | 104.5 | 104.5 | 104.5 | 104.5 | 94.3 | 0 | 0 | +10.8 |
| Miscellaneous commodities | 90.1 | 90.0 | 90.0 | 90.0 | 81.2 | +0.1 | +0.1 | +11.0 |
| Raw materials | 99.9 | 99.6 | 98.7 | 100.4 | 84.9 | +0.3 | —0.5 | +17.7 |
| Semimanufactured articles | 92.8 | 92.8 | 92.6 | 92.7 | 87.4 | 0 | +0.1 | + 6.2 |
| Manufactured products | *98.9 | *98.8 | *98.8 | *98.9 | 89.4 | +0.1 | 0 | +10.6 |
| All commodities other than farm products | *97.2 | *97.1 | *96.7 | *97.2 | 88.5 | +0.1 | 0 | + 9.8 |
| All commodities other than farm products and foods | *96.1 | *96.0 | *95.9 | *95.9 | 89.2 | +0.1 | +0.2 | + 7.7 |

*Preliminary.

# National Fertilizer Association Commodity Price Index Advances Fractionally

The general level of commodity prices was slightly higher last week, according to the wholesale price index compiled by The National Fertilizer Association and published on July 13. In the week ended July 11, 1942 this index advanced fractionally to 128.9 from 128.8 in the preceding week. A month ago it was 127.7, and a year ago 111.9, based on the 1935-1939 average as 100. The Associations report also added:

"The continuance of the upward trend in the all-commodity index was due to higher prices for farm products, textiles, and foods. In the farm product group price increases for cotton, grains, cattle, and poultry offset decreases in hogs and sheep. Trends in foodstuff prices were mixed during the week, with declines in canned beans and tomatoes, potatoes, and cottonseed oil offset by substantial increases in other important commodities; the result was a small rise in the food group average to the highest point in several years. The textile group continued to regain a former drop. The only other group average to change during the week was the miscellaneous commodities index, which declined slightly.

During the week changes in the index were nearly evenly balanced, with 12 price series advancing and 11 declining; in the preceding week there were 15 advances and 7 declines; in the second preceding week there were 14 advances and 8 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

| % Each Group Bears to the Total Index | Group | Latest Week July 11 1942 | Preceding Week July 4 1942 | Month Ago May 30 1942 | Year Ago July 12 1941 |
|---|---|---|---|---|---|
| 25.3 | Foods | 125.9 | 125.7 | 125.6 | 106.4 |
| | Fats and Oils | 137.3 | 137.8 | 138.7 | 118.2 |
| | Cottonseed Oil | 159.6 | 161.3 | 163.0 | 132.8 |
| 23.0 | Farm Products | 137.4 | 126.7 | 136.5 | 111.6 |
| | Cotton | 189.9 | 187.5 | 187.5 | 142.1 |
| | Grains | 113.2 | 111.6 | 114.1 | 99.5 |
| | Livestock | 133.5 | 133.3 | 132.2 | 108.8 |
| 17.3 | Fuels | 125.2 | 125.2 | 119.5 | 110.4 |
| 10.8 | Miscellaneous commodities | 128.0 | 128.1 | 127.7 | 120.6 |
| 8.2 | Textiles | 149.1 | 148.5 | 148.9 | 134.7 |
| 7.1 | Metals | 104.4 | 104.4 | 104.4 | 103.9 |
| 6.1 | Building materials | 151.6 | 151.6 | 151.7 | 118.5 |
| 1.3 | Chemicals and drugs | 120.7 | 120.7 | 120.7 | 105.2 |
| .3 | Fertilizer materials | 117.8 | 117.8 | 118.7 | 111.9 |
| .3 | Fertilizers | 115.3 | 115.3 | 115.3 | 102.0 |
| .3 | Farm machinery | 104.1 | 104.1 | 104.1 | 99.3 |
| 100.0 | All groups combined | 128.9 | 128.8 | 127.7 | 111.9 |

*Indexes on 1926-1928 base were: July 11, 1942, 100.4; July 4, 100.3; July 12, 1941, 87.2.

# U. S. Steel Corp. Shipments Decreased In June—Six Months Total Highest In Its History

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of June, 1942, amounted to 1,774,068 net tons, as compared with 1,834,127 net tons in the preceding month (May), a decrease of 60,059 net tons, and with 1,668,637 net tons in the corresponding month in 1941 (June), an increase of 105,431 net tons.

For the year 1942 to date, shipments were 10,503,507 net tons compared with 10,052,877 net tons in the comparable period of 1941, an increase of 450,630 net tons.

The June shipments were the highest on record for that month. Total shipments during the second quarter and the six-month period ended June 30 were also the highest in the corporation's history.

In the table below we list the figures by months for various periods since January, 1929:

| | 1942 | 1941 | 1940 | 1939 | 1938 | 1929 |
|---|---|---|---|---|---|---|
| January | 1,738,893 | 1,682,454 | 1,145,592 | 870,866 | 570,264 | 1,364,801 |
| February | 1,616,587 | 1,548,451 | 1,009,256 | 747,427 | 522,395 | 1,388,407 |
| March | 1,780,938 | 1,720,366 | 931,905 | 845,108 | 627,047 | 1,605,510 |
| April | 1,758,894 | 1,687,674 | 907,904 | 771,752 | 550,551 | 1,617,302 |
| May | 1,834,127 | 1,745,295 | 1,084,057 | 795,689 | 509,811 | 1,701,874 |
| June | 1,774,068 | 1,668,637 | 1,209,684 | 607,562 | 524,994 | 1,529,241 |
| July | ------ | 1,666,667 | 1,296,887 | 745,364 | 484,611 | 1,480,008 |
| August | ------ | 1,753,665 | 1,455,604 | 885,636 | 615,521 | 1,500,281 |
| September | ------ | 1,664,227 | 1,392,838 | 1,086,683 | 635,645 | 1,262,874 |
| October | ------ | 1,851,279 | 1,572,408 | 1,345,855 | 730,312 | 1,333,385 |
| November | ------ | 1,624,186 | 1,425,352 | 1,406,205 | 749,328 | 1,110,050 |
| December | ------ | 1,846,036 | 1,544,623 | 1,443,969 | 765,868 | 931,744 |
| Total by mos. | ------ | 20,458,937 | 14,976,110 | 11,752,116 | 7,286,347 | 16,825,477 |
| Yearly adjust. | ------ | *42,000 | 37,639 | *44,865 | 29,159 | *12,827 |
| Total | ------ | 20,417,000 | 15,013,749 | 11,707,251 | 7,315,506 | 16,812,650 |

*Decrease.

Note—The monthly shipments as currently reported during the year 1941, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

# President Reports On Use Of "Blank Check" Funds

President Roosevelt, in a report to Congress on July 1 as to the status of the emergency funds of $239,500,000 made available to him by Congress under "blank check" authority, said that the money had "made it possible to initiate programs without delay and thus materially expedite our war effort." The President stated that 87% of the funds had been allocated to four agencies—War and Navy Departments, Maritime Commission and Federal Loan Agency. Mr. Roosevelt asserted that through the emergency fund "the construction of cantonments and hemisphere bases was started, the building of ships expedited and the stockpiles of wool and copper procured" and that "in many instances subsequent appropriations were made for the continuation of these projects and programs."

The President's advices, as contained in a letter to Speaker of the House Rayburn, on July 1, follows:

"Sir: Pursuant to the provisions of the act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1941, approved June 11, 1940, and the Military Appropriation Act, 1941, approved June 13, 1940, requiring that an account be kept of all expenditures made or authorized under the emergency funds for the President appropriated in these acts and a report thereon submitted to the Congress on or before June 30, 1942, there is transmitted a report of the status of these funds as of May 31, 1942.

"This report sets forth such allocation under these appropriations, the obligations incurred, and the amount expended in liquidation of those obligations.

"Of the total amount of $239,500,000 available, 87% was allocated to four agencies—the War Department, the Navy Department, the Maritime Commission and the Federal Loan Agency. Through this means the construction of cantonments and hemisphere bases was started, the building of ships expedited, and the stockpiles of wool and copper procured. In many instances subsequent appropriations were made for the continuation of these projects and programs, but in providing the emergency fund for the President the Congress made it possible to initiate such programs without delay and thus materially expedite our war effort."

# New Exposure Meter For Amateur Photographers

The American Standards Association announces completion of a new emergency standard which, while intended for the Army and Navy, will help amateur photographers all over the country to take better pictures. The new standard is a Photographic Exposure Computer—a simple pocket-size device for finding the correct exposure for any time of day in any habitable part of the world. The Association further says:

"It was prepared at the request of the U. S. Navy for use on ships and planes by the Army and Navy, but it will also be issued in a civilian edition which may be obtained and used by any amateur photographer. The civilian edition is identical to the Army and Navy edition except for use of priority materials required by the services because of rigorous conditions. The civilian edition, a 24-page booklet with a fabricoid cover, will retail at $1 per copy.

"Purpose of this Exposure Computer is to provide a simple but accurate method of estimating the various factors that enter into taking a picture, and thus to help the amateur judge exposure time and camera lens opening."

## Steel Output In Half-Year Sets Record

Production of steel ingots and castings in the first six months of 1942 established a new peak of 42,570,247 net tons, more than 4% above production in the corresponding period of the record-breaking year 1941, according to a report released on July 9 by the American Iron and Steel Institute. Open hearth steel production in the half-year just ended amounted to 37,889,027 tons, or 2% above the first half of last year, and Bessemer steel production of 2,798,856 tons was 8% higher. Production of electric furnace steel in the first six months of 1942 totaled 1,882,364 tons, or almost half again as much as was produced in the corresponding period of 1941.

Total steel production in the month of June was 7,022,155 tons, equivalent to 96.4% of capacity. By comparison, production in May amounted to 7,386,890 tons, 98.2% of capacity. In June a year ago, 6,792,751 tons of steel were produced, equivalent to 98.1% of what was then the industry's capacity.

An average of 1,636,866 tons of steel was produced per week in June, as against 1,667,470 tons per week in May and 1,583,392 tons per week in June, 1941.

PRODUCTION OF OPEN HEARTH, BESSEMER AND ELECTRIC STEEL INGOTS AND STEEL FOR CASTINGS

| Period | Estimated Production —All Companies— Total | | Calculated weekly production, all companies (net tons) | Number of weeks in month |
|---|---|---|---|---|
| | Net tons | Percent of capacity | | |
| 1942 † | | | | |
| January | 7,124,922 | 94.7 | 1,608,335 | 4.43 |
| February | 6,521,056 | 96.0 | 1,630,264 | 4.00 |
| March | 7,392,911 | 98.2 | 1,668,829 | 4.43 |
| 1st Quarter | 21,038,889 | 96.3 | 1,635,994 | 12.86 |
| April | 7,122,313 | 97.7 | 1,660,213 | 4.29 |
| May | 7,386,890 | 98.2 | 1,667,470 | 4.43 |
| June | 7,022,155 | 96.4 | 1,636,866 | 4.29 |
| 2nd Quarter | 21,531,358 | 97.4 | 1,654,985 | 13.01 |
| 1st 6 months | 42,570,247 | 96.9 | 1,645,545 | 25.87 |
| 1941 † | | | | |
| January | 6,922,352 | 96.8 | 1,562,608 | 4.43 |
| February | 6,230,354 | 96.5 | 1,557,589 | 4.00 |
| March | 7,124,003 | 99.6 | 1,608,127 | 4.43 |
| 1st Quarter | 20,276,709 | 97.7 | 1,576,727 | 12.86 |
| April | 6,754,179 | 97.6 | 1,574,401 | 4.29 |
| May | 7,044,565 | 98.5 | 1,590,195 | 4.43 |
| June | 6,792,751 | 98.1 | 1,583,392 | 4.29 |
| 2nd Quarter | 20,591,495 | 98.1 | 1,582,744 | 13.01 |
| 1st 6 months | 40,868,204 | 97.9 | 1,579,753 | 25.87 |
| July | 6,812,224 | 93.3 | 1,541,227 | 4.42 |
| August | 6,997,496 | 95.6 | 1,579,570 | 4.43 |
| September | 6,811,754 | 96.3 | 1,591,531 | 4.28 |
| 3rd Quarter | 20,621,474 | 95.1 | 1,570,562 | 13.13 |
| 9 months | 61,489,678 | 96.9 | 1,576,658 | 39.00 |
| October | 7,236,068 | 98.9 | 1,633,424 | 4.43 |
| November | 6,960,885 | 98.2 | 1,622,584 | 4.29 |
| December | 7,150,315 | 97.9 | 1,617,718 | 4.42 |
| 4th quarter | 21,347,268 | 98.3 | 1,624,602 | 13.14 |
| Total | 82,836,946 | 97.3 | 1,588,741 | 52.14 |

†Based on Reports by Companies which in 1941 made 98.5% of the Open Hearth, 100% of the Bessemer and 87.8% of the Electric Ingot and Steel for Castings Production.

**Note**—1942 percentages of capacity operated are calculated on weekly capacities of 1,498,029 net tons open hearth, 128,911 net tons Bessemer and 71,682 net tons electric ingots and steel for castings, total 1,698,622 net tons; based on annual capacities as of Jan. 1, 1942 as follows: Open hearth 78,107,260 net tons, Bessemer 6,721,400 net tons, electric 3,737,510 net tons.

Percentages of capacity operated in first six months in 1941 are calculated on weekly capacities of 1,430,102 net tons open hearth, 134,187 net tons Bessemer and 49,603 net tons electric ingots and steel for castings, total 1,613,892 net tons; based on annual capacities as of Jan. 1, 1941, as follows: Open hearth 74,565,510 net tons, Bessemer 6,996,520 net tons, electric 2,586,320 net tons. Beginning July 1, 1941, the percentages of capacity operated are calculated on weekly capacities of 1,459,132 net tons open hearth, 130,292 net tons Bessemer and 62,761 net tons electric ingots and steel for castings, total 1,652,185 net tons; based on annual capacities as follows. Open hearth, 76,079,130 net tons, Bessemer 6,793,400 net tons, Electric 3,272,370 net tons.

## Mortgage Financing Down

The Federal Home Loan Bank Administration announced on June 29 that mortgage financing operations of lenders throughout the country were curtailed sharply during May, a month during which mortgage recording activity is expected to closely approach the peak for the year. The volume of non-farm mortgages of $20,000 or less filed for public record during May amounted to $350,000,000, a reduction of $10,000,000 or 3% from April and was 20% below recordings during May of last year. This contra-seasonal April-to-May decline of 3% compares unfavorably with the 10% average increase shown between these months during the last three years.

The Bureau's "Mortgage Recording Letter" further said:

"Real estate financing activity has in recent years followed a similar seasonal pattern to residential construction. In fact, trends in mortgage financing are usually very sensitive to changes in the volume of new residential building. Even though construction activity during the latter half of last year fell off rapidly as a result of material shortages and priority allocations, the mortgage financing market remained quite steady up to the year's end. This stability resulted in part from the emphasis placed by mortgage lenders on home purchase loans and the increased efforts of some lending institutions to dispose of owned real estate. Relatively small reductions in loans for the purpose of remodeling and reconditioning homes, particularly in critical war production areas, coupled with increased average size loans also contributed towards maintaining a relatively high volume mortgage financing despite sharply curtailed construction activity."

| Type of Lender— | May, 1942 Volume (000) | May, 1942 % of Total | % Chng. from April | May, 1941 Volume (000) | May, 1941 % of Total | % Chng. May, '41-May, 42 | Cumulative Recordings January-May (000) 1942 | Cumulative Recordings January-May (000) 1941 | % Chng. |
|---|---|---|---|---|---|---|---|---|---|
| S. & L. Assns. | $107,937 | 30.8 | —0.6 | $143,770 | 33.0 | —24.9 | $494,139 | $567,870 | —13.0 |
| Insurance Cos. | 31,870 | 9.1 | —7.8 | 35,635 | 8.2 | —10.8 | 158,504 | 147,197 | + 7.7 |
| Bk. & Tr. Cos. | 77,563 | 22.2 | —5.5 | 107,151 | 24.6 | —27.6 | 385,583 | 444,908 | —13.3 |
| Mutual Sav. Bks. | 15,904 | 4.5 | +3.9 | 19,705 | 4.5 | —19.3 | 67,304 | 75,202 | —10.5 |
| Individuals | 63,807 | 18.2 | +1.8 | 69,836 | 16.0 | — 8.6 | 299,252 | 301,523 | — 0.8 |
| Others | 53,196 | 15.2 | —6.4 | 59,864 | 13.7 | —11.1 | 258,446 | 250,949 | + 3.0 |
| Total | $350,187 | 100.0 | —2.7 | $435,961 | 100.0 | —19.7 | $1,663,228 | $1,787,649 | — 7.0 |

## Statutory Debt Limit As of June 30, 1942

The Treasury Department made public on July 2, its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on June 30, 1942, totaled $74,154,457,607, thus leaving the face amount of obligations which may be issued subject to the $125,000,000,000 statutory debt limitation at $50,845,542,393. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($74,154,457,607) should be deducted $2,294,720,639 (the unearned discount on savings bonds), reducing the total to $71,859,736,968 and to this figure should be added $562,708,148 (the other public debt obligations outstanding) which, however, are not subject to the statutory limitation. Thus, the total gross debt outstanding as of June 30 was $72,422,445,116.

The following is the Treasury's report for June 30:

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $125,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

| | | | |
|---|---|---|---|
| Total face amount that may be outstanding at any one time | | | $125,000,000,000 |
| Outstanding as of June 30, 1942: | | | |
| Interest-bearing: | | | |
| Bonds— | | | |
| Treasury | $38,084,533,250 | | |
| Savings (maturity value)* | 12,482,909,100 | | |
| Depositary | 78,953,000 | | |
| Adjusted service | 728,665,857 | | |
| | | $51,375,061,207 | |
| Treasury notes | $13,955,776,350 | | |
| Certificates of indebtedness | 6,228,013,000 | | |
| Treasury bills (maturity value) | 2,508,298,000 | | |
| | | 22,692,087,350 | |
| | | $74,067,148,557 | |
| Matured obligations, on which interest has ceased | | 87,309,050 | |
| | | | 74,154,457,607 |
| Face amount of obligations issuable under above authority | | | $50,845,542,393 |

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY, JUNE 30, 1942

| | | |
|---|---|---|
| Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended | | $74,154,457,607 |
| Deduct, unearned discount on savings bonds (difference between current redemption value and maturity value) | | 2,294,720,639 |
| | | $71,859,736,968 |
| Add other public debt obligations outstanding but not subject to the statutory limitation: | | |
| Interest-bearing (pre-war, etc.) | $195,990,180 | |
| Matured obligations on which interest has ceased | 10,990,680 | |
| Bearing no interest | 355,727,288 | |
| | | 562,708,148 |
| Total gross debt outstanding as of June 30, 1942 | | $72,422,445,116 |

*Approximate maturity value. Principal amount (current redemption value), according to preliminary public debt statement, $10,188,188,461.

## Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on July 9 that as of the close of business June 30, there were 1,152 bond issues aggregating $61,899,239,025 par value listed on the New York Stock Exchange with a total market value of $59,112,072,945. This compares with 1,166 bond issues aggregating $61,956,472,933 par value listed on the Exchange on May 29 with a total market value of $59,257,509,674.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

| Group— | May 29, 1942 Market Value $ | May 29, 1942 Average Price $ | June 30, 1942 Market Value $ | June 30, 1942 Average Price $ |
|---|---|---|---|---|
| U. S. Government (incl. N. Y. State, Cities, etc.) | 44,133,391,864 | 105.82 | 44,095,078,402 | 105.72 |
| U. S. companies: | | | | |
| Amusements | 35,507,482 | 99.62 | 35,418,372 | 99.37 |
| Automobile | 13,469,068 | 103,23 | 13,496,486 | 103.44 |
| Building | 17,215,735 | 92.94 | 17,555,370 | 94.77 |
| Business and office equipment | 14,925,000 | 99.50 | 15,037,500 | 100.25 |
| Chemical | 75,179,563 | 98.73 | 74,470,748 | 98.26 |
| Electrical equipment | 35,950,000 | 102.71 | 36,318,750 | 103.77 |
| Financial | 57,418,613 | 99.89 | 57,287,184 | 99.63 |
| Food | 222,058,168 | 103.83 | 222,068,122 | 103.93 |
| Land and realty | 9,353,100 | 68.10 | 9,176,304 | 66.81 |
| Machinery and metals | 45,179,879 | 99.13 | 44,327,159 | 99.16 |
| Mining (excluding iron) | 90,141,762 | 56.94 | 87,896,329 | 55.97 |
| Paper and publishing | 50,732,342 | 99.90 | 50,828,992 | 100.09 |
| Petroleum | 586,345,656 | 101.78 | 588,180,881 | 102.42 |
| Railroad | 6,364,830,543 | 61.57 | 6,231,242,478 | 60.59 |
| Retail merchandising | 11,727,660 | 77.71 | 11,518,208 | 77.26 |
| Rubber | 72,800,765 | 99.08 | 72,984,463 | 99.33 |
| Ship building and operating | 11,299,920 | 98.50 | 11,127,840 | 97.00 |
| Shipping services | 17,684,317 | 63.82 | 17,130,120 | 61.82 |
| Steel, iron and coke | 548,159,660 | 100.01 | 547,358,766 | 99.86 |
| Textiles | 26,266,730 | 98.95 | 26,649,130 | 100.39 |
| Tobacco | 139,565,967 | 104.41 | 145,815,300 | 104.40 |
| Utilities: | | | | |
| Gas and electric (operating) | 3,259,664,000 | 105.91 | 3,276,704,089 | 106.31 |
| Gas and electric (holding) | 100,243,275 | 97.82 | 99,766,793 | 99.11 |
| Communications | 1,194,913,134 | 106.49 | 1,193,272,890 | 106.34 |
| Miscellaneous utilities | 87,704,945 | 59.59 | 84,955,359 | 57.73 |
| U. S. companies oper. abroad | 105,852,556 | 58.22 | 104,511,667 | 57.48 |
| Miscellaneous businesses | 31,252,500 | 102.47 | 31,265,000 | 102.51 |
| Total U. S. companies | 13,225,442,340 | 77.14 | 13,106,364,300 | 76.66 |
| Foreign government | 1,197,259,719 | 53.47 | 1,208,511,098 | 54.16 |
| Foreign companies | 701,415,751 | 81.05 | 702,119,145 | 81.25 |
| All listed bonds | 59,257,509,674 | 95.64 | 59,112,072,945 | 95.50 |

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

| 1940— | Market Value $ | Average Price $ | 1941— | Market Value $ | Average Price $ |
|---|---|---|---|---|---|
| May 31 | 46,936,861,020 | 87.87 | June 30 | 53,237,234,699 | 94.80 |
| June 29 | 47,665,777,410 | 90.14 | July 31 | 53,259,696,637 | 95.04 |
| July 31 | 48,601,638,211 | 90.86 | Aug. 30 | 53,216,867,646 | 94.86 |
| Aug. 31 | 49,238,728,732 | 91.33 | Sept. 30 | 53,418,055,935 | 94.74 |
| Sept. 30 | 49,643,200,867 | 92.08 | Oct. 31 | 55,106,635,894 | 95.25 |
| Oct. 31 | 50,438,409,964 | 92.84 | Nov. 29 | 54,812,793,945 | 94.80 |
| Nov. 30 | 50,755,887,399 | 93.58 | Dec. 31 | 55,033,616,312 | 94.50 |
| Dec. 31 | 50,831,283,315 | 93.84 | 1942— | | |
| 1941— | | | Jan. 31 | 56,261,398,371 | 95.24 |
| Jan. 31 | 50,374,446,095 | 93.05 | Feb. 28 | 57,584,410,504 | 95.13 |
| Feb. 28 | 50,277,456,796 | 92.72 | Mar. 31 | 58,140,382,211 | 95.97 |
| Mar. 31 | 52,252,053,607 | 93.73 | Apr. 30 | 57,923,553,616 | 95.63 |
| Apr. 30 | 52,518,036,554 | 94.32 | May 29 | 59,257,509,674 | 95.64 |
| May 30 | 52,321,710,056 | 94.22 | June 30 | 59,112,072,945 | 95.50 |

## Five Nations Set Up War Relief Wheat Pool

The State Department announced in Washington on July 1 that the United States, Great Britain, Canada, Australia and Argentina have agreed to establish a wheat pool of 100,000,000 bushels for relief in war-stricken areas as soon as the international situation permits. The agreement, which became effective on June 27, is part of a post-war plan relating to the control by the four exporting countries of production, stocks and exports, and for cooperation by all five countries in stabilizing prices.

The following regarding the agreement is from Associated Press Washington advices of July 1:

> Canada and the United Kingdom are to furnish 25,000,000 bushels of wheat or flour to the relief pool, and the United States is to provide 50,000,000 bushels. These nations, with Argentina, would furnish additional supplies, as required, on a basis to be worked out by the governments involved. Argentina's exact quota apparently is to be determined later.
>
> The memorandum agreement, approved by the five countries, is designed as a first step toward the conclusion, after the war, of a comprehensive wheat agreement between all countries concerned in the international wheat trade.
>
> The agreement provides that as soon as conditions warrant, the United States shall convene a general international wheat conference. At this meeting the draft convention of an international agreement drawn up by Washington wheat meeting will be submitted for consideration.
>
> This would call for an international wheat control to fix basic minimum and maximum prices. It also would provide for lowering of barriers against imports and control of exports. If the draft convention were adopted the basic export quotas for Argentina, Australia, Canada and the United States would be 25%, 19%, 40% and 16%, respectively, of the estimated volume of international trade in wheat and flour in each quota year, less reasonable allowances for exports of other nations.

## OPA Alaska Price Formula

Price Administrator Leon Henderson announced on July 2 that, in view of Alaska's relative isolation and because of transportation difficulties, a special price-fixing formula has been established covering all sales and deliveries of any commodity not produced or manufactured in the territory. The Associated Press on July 2 said:

"Under the formula, retail, wholesale and distributors' maximum prices must be based on direct cost, plus the mark-up which the seller included in his highest price for the commodity involved between Nov. 7 and Dec. 6, 1941.

"The OPA Administrator in charge of territories and possessions is empowered to make any adjustments necessary after application of this formula and fix prices on items which the formula fails to cover."

## Aitchison Heads ICC

Clyde B. Aitchison, member of the Interstate Commerce Commission, was on June 29 elected to serve as Chairman of the Commission for the remainder of 1942. Mr. Aitchison, who is the oldest member of the ICC, having been appointed by President Wilson 25 years ago, has been serving as Acting Chairman since the beginning of the year when Joseph B. Eastman was made Director of the Office of Defense Transportation.

## Lumber Movement—Week Ended July 4, 1942

Lumber production during the holiday week ended July 4, 1942, was 22% less than the previous week, shipments were 17% less, new business, 15% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 19% above production; new orders 19% above production. Compared with the corresponding week of 1941, production was 14% greater, shipments, 14% greater, and new business 8% greater. The industry stood at 145% of the average of production in the corresponding week of 1935-39 and 167% of average 1935-39 shipments in the same week.

### Year-to-Date Comparisons

Reported production for the first 26 weeks of 1942 was 2% below corresponding weeks of 1941; shipments were 7% above the shipments, and new orders 8% above the orders of the 1941 period. For the 26 weeks of 1942, new business was 25% above production, and shipments were 15% above production.

### Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 68% on July 4, 1942, compared with 46% a year ago. Unfilled orders were 16% greater than a year ago; gross stocks were 22% less.

### Softwoods and Hardwoods

Record for the current week ended July 4, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

| | 1942 Week | 1941 Week | 1942 Previous Wk. (rev.) |
|---|---|---|---|
| Mills | 437 | 437 | 474 |
| Production | 216,219 | 189,004 | 276,916 |
| Shipments | 258,035 | 227,336 | 309,188 |
| Orders | 257,674 | 237,712 | 301,606 |

| | Softwoods 1942 Week | | Hardwoods 1942 Week | |
|---|---|---|---|---|
| Mills | 355 | | 94 | |
| Production | 206,208 | 100% | 10,011 | 100% |
| Shipments | 244,688 | 119 | 13,347 | 133 |
| Orders | 245,733 | 119 | 11,941 | 119 |

## Pay On Porto Alegre 7½s

Ladenburg, Thalmann & Co., New York, as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 7½% sinking fund gold bonds, external loan of 1925, that funds have been deposited with it, sufficient to make a payment, in lawful currency of the United States of America, of 13.975% of the face amount of the coupons due Jan. 1, 1940, amounting to $5.24 1/16 for each $37.50 coupon and $2.62 1/32 for each $18.75 coupon. It is further stated:

"Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

"No present provision, the notice states, has been made for the coupons due Jan. 1, 1932 to Jan. 1, 1934 inclusive, but they should be retained for future adjustment."

## U. S.-Bolivia Tin Pact

Secretary of Commerce Jones announced on June 30 the signing of an agreement between the Metals Reserve Co. and Bolivian tin producers increasing the quantity of tin ores and concentrates which may be delivered to Metals Reserve Co. during the period ending June 30, 1943. The agreement also provides for increasing the price of the tin content of the material delivered during that period to 60 cents per pound f.o.b. Chilean and Peruvian ports.

## Engineering Construction Hits New Peak In War Effort

Geared for war, the engineering construction industry piled up the huge volume of $4,905,294,000 for the first half of 1942. This tremendous total eclipsed the $2,841,403,000 reported by "Engineering News-Record" on July 1 for the opening six months of last year by 73%, and surpassed all previous annual volumes, with the single exception of 1941. In the defense construction era of 1941, however, it required nine months for the volume to reach the current year's half-time total. The report added:

In line with the war effort, $4,234,920,000, or 86% of the total, was for Federal construction, just about three times the Government-financed total for the opening half of last year. Sharp curtailment of non-essential construction had the effect of lowering state and municipal work to $328,966,000, a drop of 51½% from a year ago. Despite the decrease in state and municipal construction, the public total rose to $4,563,886,000, a new record high 117% above the value reported for the six-month period last year.

Private construction, feeling the pinch of priorities and the WPB stop order on non-war construction, totaled $341,408,000 for the six months of 1942, a decline of 53½% from the volume at the half-time last year.

Construction volumes for the six-month periods in 1941 and 1942 are:

| | 1941 | 1942 |
|---|---|---|
| Total Construction | $2,841,403,000 | $4,905,294,000 |
| Private Construction | 734,418,000 | 341,408,000 |
| Public Construction | 2,106,985,000 | 4,563,886,000 |
| State and Municipal | 679,032,000 | 328,966,000 |
| Federal | 1,427,953,000 | 4,234,920,000 |

Almost two-thirds of the 1942 construction total was for erection of public buildings. This volume, $3,197,373,000, exceeded last year's mark by 174%, and established a new all-time high. Unclassified construction, and earthwork and drainage also rose to new peaks, the former 60% above its 1941 six-months total, and the latter 97% higher than in the period last year.

Waterworks and sewerage construction, though setting no new marks, were above a year ago as a result of installation of new facilities in military camps and cantonments, and in strategic industrial areas. Waterworks volume jumped 50% over the 1941 first half total, and sewerage construction gained 2%.

Highways, bridges, and private industrial and commercial buildings, however, were unable to overcome the handicaps imposed by priorities and stop-orders, and fell below their last year's totals.

Construction volumes in each class of work, and their percentage of gain or loss compared with the initial six months of 1941 are:

| | 1941 | 1942 | % Gain or Loss |
|---|---|---|---|
| Waterworks | $38,171,000 | $57,339,000 | +50 |
| Sewerage | 52,473,000 | 53,274,000 | + 2 |
| Bridges | 66,324,000 | 33,550,000 | —49 |
| Earthwork, Drainage | 101,102,000 | 199,360,000 | +97 |
| Streets and Roads | 302,799,000 | 228,576,000 | —24 |
| Public Buildings | 1,163,928,000 | 3,197,373,000 | +174 |
| Industrial Buildings | 303,957,000 | 142,581,000 | —53 |
| Commercial Buildings | 298,502,000 | 168,317,000 | —44 |
| Unclassified | 514,147,000 | 824,924,000 | +60 |

Geographically, every section of the country participated in the gain over the opening six-month period in 1941, and five of the six sections are at their highest peaks in history. The greatest increase was recorded in the War Western states, 144% over a year ago. West of Mississippi states were up 120%; Middle West, 78%; South, 69%; New England, 25%; and Middle Atlantic, 6%. The latter, though not achieving a new peak, was the highest since 1930.

Geographical distribution of the engineering construction volumes for the opening six months of 1941 and 1942 are:

| | 1941 | 1942 |
|---|---|---|
| New England | $164,385,000 | $205,948,000 |
| Middle Atlantic | 647,070,000 | 687,996,000 |
| South | 611,823,000 | 1,031,242,000 |
| Middle West | 536,773,000 | 957,387,000 |
| West of Mississippi | 519,705,000 | 1,141,046,000 |
| Far West | 361,647,000 | 881,675,000 |

### New Construction Capital

New construction financing for the first half of 1942, $6,886,294,000, topped the volume for the corresponding period in 1941 by 106%. Federal appropriations for war construction accounted for $6,538,955,000, or 93% of the new financing, and were the highest ever reported. Non-federal construction capital amounted to $347,339,000 and was divided as follows: corporate securities, $149,459,000; state and municipal bond sales, $150,461,000; and RFC loans, $47,419,000.

## Coffee Import Quotas

The Bureau of Customs announced on July 8 preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing Oct. 1, 1941, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

| Country of Production— | Quota Quantity *(Pounds) | for Consumption As of (Date) | (Pounds) |
|---|---|---|---|
| | | June 27, 1942 | 5,642,283 |
| Signatory Countries— | | June 27, 1942 | 837,280,732 |
| Brazil | 1,401,426,521 | June 27, 1942 | 5,642,283 |
| Colombia | 475,086,450 | (Import quota filled) | |
| Costa Rica | 30,144,642 | June 27, 1942 | 5,542,283 |
| Cuba | 12,109,603 | (Import quota filled) | |
| Dominican Republic | 18,098,664 | †July 4, 1942 | 18,412,238 |
| Ecuador | 22,634,408 | June 27, 1942 | 75,493,420 |
| El Salvador | 96,657,909 | (Import quota filled) | |
| Guatemala | 80,715,477 | †July 4, 1942 | 39,357,942 |
| Haiti | 41,436,647 | †July 4, 1942 | 2,513,687 |
| Honduras | 3,287,588 | June 27, 1942 | 34,598,080 |
| Mexico | 74,966,100 | June 27, 1942 | 21,002,030 |
| Nicaragua | 32,078,385 | †July 4, 1942 | 3,110,901 |
| Peru | 3,767,088 | (Import quota filled) | |
| Venezuela | 38,094,430 | | |
| Non-Signatory Countries— | | | |
| British Empire, except Aden and Canada | 17,674,322 | (Import quota filled) | |
| Kingdom of the Netherlands and its possessions | 19,669,574 | June 27, 1942 | 13,107,191 |
| Aden, Yemen, and Saudi Arabia | 3,872,909 | June 27, 1942 | 875,809 |
| Other countries not signatories of the Inter-American Coffee Agreement | 12,276,800 | (Import quota filled) | |

*Quotas revised effective Feb. 26, 1942. †Per telegraphic reports.

## Daily Average Crude Oil Production For Week Ended July 4, 1942, Dropped 422,300 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 4, 1942 was 3,297,150 barrels, a decrease of 422,300 barrels when compared with the preceding week, and 361,050 barrels per day less than the output during the week ended July 5, 1941. The current figure was also 545,650 barrels lower than the daily average for the month of July, 1942, as recommended by the Office of Petroleum Coordinator. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000-barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,551,000 barrels of crude oil daily during the week ended July 4, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 87,014,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,959,000 barrels during the week ended July 4, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

| | *O.P.C. Recommendations July | *State Allowables Beginning July 1 | —Actual Production— Week Ended July 4 1942 | Change From Previous Week | 4 Weeks Ended July 4 1942 | Week Ended July 5 1941 |
|---|---|---|---|---|---|---|
| Oklahoma | 433,000 | 433,000 | †376,050 | + 6,750 | 374,650 | 433,050 |
| Kansas | 283,200 | 283,200 | †260,100 | — 12,000 | 272,950 | 241,150 |
| Nebraska | 4,100 | ------ | †3,750 | ------ | 3,700 | 4,850 |
| Panhandle Texas | | | 79,500 | — 27,500 | 90,550 | 84,050 |
| North Texas | | | 142,550 | — 6,850 | 146,350 | 128,450 |
| West Texas | | | 138,550 | — 95,900 | 195,650 | 218,250 |
| East Central Texas | | | 74,300 | — 19,750 | 87,500 | 76,300 |
| East Texas | | | 217,600 | — 77,400 | 309,500 | 300,600 |
| Southwest Texas | | | 98,450 | — 65,150 | 134,150 | 176,850 |
| Coastal Texas | | | 171,850 | —108,950 | 234,900 | 236,200 |
| Total Texas | 1,214,400 | ‡1,284,711 | 922,800 | —401,500 | 1,198,600 | 1,220,700 |
| North Louisiana | | | 91,350 | + 650 | 89,750 | 77,050 |
| Coastal Louisiana | | | 218,250 | — 1,750 | 219,450 | 237,950 |
| Total Louisiana | 319,600 | 337,600 | 309,600 | — 1,100 | 309,200 | 315,000 |
| Arkansas | 78,500 | 700,823 | 74,100 | + 400 | 73,800 | 72,550 |
| Mississippi | 49,900 | | †83,950 | + 450 | 83,100 | 33,850 |
| Illinois | 304,100 | | 278,300 | + 3,400 | 277,550 | 340,350 |
| Indiana | 22,000 | | †18,750 | + 100 | 19,450 | 21,250 |
| Eastern (not incl. Ill. and Ind) | 112,600 | | 99,700 | + 1,250 | 98,650 | 90,450 |
| Michigan | 84,800 | | 67,100 | + 1,400 | 66,950 | 39,800 |
| Wyoming | 96,800 | | 92,250 | + 100 | 91,350 | 86,750 |
| Montana | 23,100 | | 21,900 | — 450 | 21,950 | 19,500 |
| Colorado | 7,700 | | 6,350 | — 1,100 | 6,650 | 4,000 |
| New Mexico | 89,500 | 89,500 | 65,150 | ------ | 62,450 | 111,350 |
| Total East of Calif. | 3,103,300 | | 2,679,850 | —402,300 | 2,961,000 | 3,034,600 |
| California | 739,500 | §739,500 | 617,300 | — 20,000 | 648,450 | 623,600 |
| Total United States | 3,842,800 | | 3,297,150 | —422,300 | 3,609,450 | 3,658,200 |

*O. P. C. recommendations and State allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in April, 1942, as follows: Oklahoma, 27,500; Kansas, 4,800; Texas, 90,700; Louisiana, 15,300; Arkansas, 2,600; New Mexico, 5,300; California, 40,100; other States, 22,200.

†Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. July 1.

‡This is the net basic 31-day allowable as of July 1. In the area outside East Texas shutdowns were ordered for July 4, 5, 11, 12, 18, 19, 25, 26, 29, 30 and 31; in East Texas for July 6, 13 and 20, in addition to the aforementioned days.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED JULY 4, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

| District— | Daily Refining Capacity Potential Rate | Daily Refining Capacity % Reporting | Crude Runs to Stills Daily Average | Crude Runs to Stills % Operated | Gasoline Production at Refineries Includ. Natural Blended | Stocks Finished and Unfinished Gasoline | ‡Stocks of Gas Oil and Distillate Fuels | ‡Stocks of Residual Fuel Oil |
|---|---|---|---|---|---|---|---|---|
| *Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas | 2,383 | 89.7 | 1,555 | 65.3 | 4,610 | 40,845 | 15,534 | 16,518 |
| Appalachian | 174 | 84.5 | 157 | 90.2 | 463 | 2,796 | 574 | 536 |
| Ind., Ill., Ky. | 784 | 84.9 | 739 | 94.3 | 2,553 | 16,634 | 3,745 | 3,282 |
| Okla., Kansas, Mo. | 418 | 81.1 | 366 | 87.6 | 1,277 | 7,872 | 1,404 | 1,544 |
| Rocky Mountain | 138 | 50.7 | 95 | 68.8 | 285 | 2,347 | 340 | 545 |
| California | 787 | 90.9 | 639 | 81.2 | 1,771 | 16,520 | 11,923 | 54,478 |
| Tot. U. S. B. of M. basis July 4, 1942 | 4,684 | 86.9 | 3,551 | 75.8 | 10,959 | †87,014 | 33,520 | 76,903 |
| Tot. U. S. B. of M. basis June 27, 1942 | 4,684 | 86.9 | 3,581 | 76.5 | 10,713 | §88,396 | 32,851 | 77,304 |
| U. S. Bur. of Mines basis July 5, 1941 | | | 3,766 | | 12,455 | 88,709 | 39,008 | 90,935 |

Figures in this section (Crude Runs to Stills through Stocks of Residual Fuel Oil) include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

*At the request of the Office of the Petroleum Coordinator.

†Finished, 79,450,000 barrels; unfinished, 7,564,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Revised downward 215,000 barrels in Appalachian district due to correction in figures previously reported by a certain company.

## Commercial Paper Outstanding

Open market paper outstanding on June 30 amounted to $315,200,000 according to reports received by the Federal Reserve Bank of New York from commercial paper dealers, the bank announced on July 10. This total compared with $354,200,000 outstanding on May 29 and with $299,000,000 on June 30, 1942.

Following are the totals for the last two years:

| 1942— | $ | 1941— | $ |
|---|---|---|---|
| June 30 | 315,200,000 | June 30 | 299,000,000 |
| May 29 | 354,200,000 | May 31 | 295,000,000 |
| Apr. 30 | 373,100,000 | Apr. 30 | 274,600,000 |
| Mar. 31 | 384,300,000 | Mar. 31 | 263,300,000 |
| Feb. 28 | 388,400,000 | Feb. 28 | 240,700,000 |
| Jan. 31 | 380,600,000 | Jan. 31 | 232,400,000 |
| 1941— | | 1940— | |
| Dec. 31 | 374,500,000 | Dec. 31 | 217,900,000 |
| Nov. 29 | 387,100,000 | Nov. 30 | 231,800,000 |
| Oct. 31 | 377,700,000 | Oct. 31 | 252,400,000 |
| Sept. 30 | 370,500,000 | Sept. 30 | 250,700,000 |
| Aug. 30 | 353,900,000 | Aug. 31 | 244,700,000 |
| July 31 | 329,900,000 | July 31 | 232,400,000 |

# Revenue Freight Car Loadings During Week Ended July 4, 1942, Totaled 753,855 Cars

Loading of revenue freight for the week ended July 4 totaled 753,855 cars, the Association of American Railroads announced on July 9. This was an increase above the corresponding week in 1941 of 13,496 cars or 1.8%, and an increase above the same week of 1940 of 116,686 cars or 18.3%.

Loading of revenue freight for the week of July 4 which included a holiday decreased 99,586 cars or 11.7% below the preceding week.

Miscellaneous freight loading totaled 356,666 cars, a decrease of 29,031 cars below the preceding week, but an increase of 29,348 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 82,036 cars, a decrease of 10,173 cars below the preceding week, and a decrease of 56,575 cars below the corresponding week in 1941.

Coal loading amounted to 120,350 cars, a decrease of 45,801 cars below the preceding week, but an increase of 26,492 cars above the corresponding week in 1941.

Grain and grain products loading totaled 42,340 cars, a decrease of 1,726 cars below the preceding week, and a decrease of 8,581 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of July 4 totaled 30,246 cars, a decrease of 805 cars below the preceding week and a decrease of 7,671 cars below the corresponding week in 1941.

Live stock loading amounted to 9,508 cars, a decrease of 1,168 cars below the preceding week, but an increase of 1,538 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of July 4 totaled 6,797 cars, a decrease of 848 cars below the preceding week, but an increase of 995 cars above the corresponding week in 1941.

Forest products loading totaled 44,431 cars, a decrease of 7,921 cars below the preceding week, but an increase of 7,144 cars above the corresponding week in 1941.

Ore loading amounted to 85,946 cars, a decrease of 2,221 cars below the preceding week, but an increase of 14,190 cars above the corresponding week in 1941.

Coke loading amounted to 12,578 cars, a decrease of 1,545 cars below the preceding week, and a decrease of 60 cars below the corresponding week in 1941.

All districts reported decreases, compared with the corresponding week in 1941, except the Allegheny, Southern and Southwestern but all districts reported increases over 1940.

| | 1942 | 1941 | 1940 |
|---|---|---|---|
| Five weeks of January | 3,858,273 | 3,454,409 | 3,215,565 |
| Four weeks of February | 3,122,773 | 2,866,565 | 2,465,685 |
| Four weeks of March | 3,171,439 | 3,066,011 | 2,489,280 |
| Four weeks of April | 3,351,038 | 2,793,630 | 2,495,212 |
| Five weeks of May | 4,170,713 | 4,160,060 | 3,351,840 |
| Four weeks of June | 3,385,769 | 3,510,057 | 2,896,953 |
| Week of July 4 | 753,855 | 740,359 | 637,169 |
| Total | 21,813,860 | 20,591,091 | 17,551,704 |

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 4, 1942. During this period 71 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JULY 4

| Railroads | Total Revenue Freight Loaded | | | Total Loads Received from Connections | |
|---|---|---|---|---|---|
| | 1942 | 1941 | 1940 | 1942 | 1941 |
| **Eastern District—** | | | | | |
| Ann Arbor | 345 | 503 | 473 | 1,355 | 1,500 |
| Bangor & Aroostook | 867 | 910 | 1,001 | 256 | 252 |
| Boston & Maine | 5,610 | 7,592 | 6,153 | 13,935 | 12,853 |
| Chicago, Indianapolis & Louisville | 1,320 | 1,225 | 1,096 | 2,033 | 2,520 |
| Central Indiana | 27 | 25 | 11 | 57 | 58 |
| Central Vermont | 865 | 1,243 | 1,113 | 2,406 | 2,456 |
| Delaware & Hudson | 5,269 | 2,760 | 4,661 | 11,134 | 10,266 |
| Delaware, Lackawanna & Western | 6,622 | 6,391 | 6,965 | 10,031 | 8,236 |
| Detroit & Mackinac | 231 | 408 | 402 | 127 | 120 |
| Detroit, Toledo & Ironton | 1,359 | 2,320 | 1,613 | 1,126 | 1,426 |
| Detroit & Toledo Shore Line | 255 | 321 | 237 | 2,812 | 4,162 |
| Erie | 11,280 | 13,691 | 10,691 | 16,608 | 15,664 |
| Grand Trunk Western | 3,953 | 5,563 | 3,447 | 8,169 | 9,241 |
| Lehigh & Hudson River | 186 | 165 | 123 | 3,426 | 2,354 |
| Lehigh & New England | 1,784 | 1,195 | 1,634 | 2,344 | 1,832 |
| Lehigh Valley | 7,282 | 5,964 | 6,249 | 13,501 | 9,601 |
| Maine Central | 2,114 | 2,468 | 2,356 | *2,537 | 2,490 |
| Monongahela | 5,208 | 4,031 | 4,296 | 304 | 454 |
| Montour | 1,900 | 1,432 | 2,067 | 40 | 28 |
| New York Central Lines | 44,033 | 44,846 | 36,659 | 52,532 | 47,074 |
| N. Y., N. H. & Hartford | 8,660 | 9,788 | 7,491 | 18,969 | 16,734 |
| New York, Ontario & Western | 834 | 782 | 931 | 2,855 | 2,268 |
| New York, Chicago & St. Louis | 6,445 | 5,868 | 4,563 | 16,645 | 13,853 |
| N. Y., Susquehanna & Western | 315 | 437 | 260 | 1,351 | 1,216 |
| Pittsburgh & Lake Erie | 7,117 | 7,472 | 6,298 | 9,379 | 9,194 |
| Pere Marquette | 4,783 | 5,920 | 4,633 | 6,167 | 6,608 |
| Pittsburgh & Shawmut | 562 | 485 | 762 | 32 | 42 |
| Pittsburgh, Shawmut & North | 312 | 316 | 301 | 247 | 392 |
| Pittsburgh & West Virginia | 782 | 726 | 742 | 3,596 | 2,504 |
| Rutland | 353 | 488 | 579 | 1,071 | 1,155 |
| Wabash | 4,735 | 5,730 | 4,710 | 13,427 | 11,283 |
| Wheeling & Lake Erie | 5,744 | 5,061 | 4,343 | 4,944 | 4,340 |
| Total | 141,152 | 146,126 | 126,860 | 223,414 | 202,176 |
| **Allegheny District—** | | | | | |
| Akron, Canton & Youngstown | 674 | 617 | 391 | 1,036 | 1,064 |
| Baltimore & Ohio | 33,759 | 34,412 | 28,784 | 24,108 | 22,710 |
| Bessemer & Lake Erie | 6,592 | 6,144 | 5,621 | 2,665 | 2,441 |
| Buffalo Creek & Gauley | 230 | 151 | 329 | 2 | 4 |
| Cambria & Indiana | 1,516 | 1,149 | 1,176 | 10 | 31 |
| Central R. R. of New Jersey | 5,981 | 5,552 | 5,157 | 19,264 | 14,713 |
| Cornwall | 659 | 594 | 487 | 55 | 60 |
| Cumberland & Pennsylvania | 215 | 214 | 191 | 16 | 25 |
| Ligonier Valley | 112 | 69 | 60 | 46 | 52 |
| Long Island | 601 | 754 | 596 | 3,715 | 3,363 |
| Penn-Reading Seashore Lines | 1,426 | 1,510 | 942 | 2,439 | 1,651 |
| Pennsylvania System | 76,978 | 74,155 | 58,056 | 60,625 | 54,088 |
| Reading Co. | 12,693 | 10,945 | 12,193 | 26,480 | 22,895 |
| Union (Pittsburgh) | 21,110 | 19,587 | 16,956 | 7,572 | 6,391 |
| Western Maryland | 3,152 | 3,124 | 2,688 | 11,899 | 8,485 |
| Total | 165,698 | 158,977 | 133,627 | 159,932 | 137,973 |
| **Pocahontas District—** | | | | | |
| Chesapeake & Ohio | 19,304 | 20,191 | 22,134 | 12,616 | 12,817 |
| Norfolk & Western | 14,459 | 16,933 | 18,114 | 7,070 | 6,009 |
| Virginian | 2,669 | 3,054 | 3,642 | 2,083 | 2,022 |
| Total | 36,432 | 40,178 | 43,890 | 21,769 | 20,848 |
| **Southern District—** | | | | | |
| Alabama, Tennessee & Northern | 455 | 306 | 169 | 410 | 172 |
| Atl. & W. P.—W. R. R. of Ala. | 620 | 754 | 627 | 2,513 | 1,773 |
| Atlanta, Birmingham & Coast | 881 | 905 | 688 | 1,135 | 1,008 |
| Atlantic Coast Line | 10,648 | 9,105 | 6,933 | 9,283 | 6,327 |
| Central of Georgia | 4,671 | 4,312 | 3,497 | 4,201 | 4,662 |
| Charleston & Western Carolina | 453 | 579 | 443 | 1,493 | 1,609 |
| Clinchfield | 1,529 | 1,318 | 1,092 | 2,694 | 2,734 |
| Columbus & Greenville | 367 | 408 | 153 | 234 | 301 |
| Durham & Southern | 126 | 175 | 136 | 919 | 578 |
| Florida East Coast | 912 | 376 | 329 | 843 | 742 |
| Gainesville Midland | 40 | 35 | 24 | 208 | 90 |
| Georgia | 1,355 | 1,064 | 908 | 2,616 | 1,981 |
| Georgia & Florida | 467 | 463 | 377 | 432 | 616 |
| Gulf, Mobile & Ohio | 3,935 | 3,447 | 2,737 | 4,210 | 3,044 |
| Illinois Central System | 23,719 | 21,388 | 15,618 | 16,614 | 13,750 |
| Louisville & Nashville | 19,791 | 19,652 | 18,826 | 10,978 | 7,995 |
| Macon, Dublin & Savannah | 184 | 183 | 112 | 836 | 801 |
| Mississippi Central | 190 | 161 | 92 | 599 | 397 |
| Nashville, Chattanooga & St. L. | 3,241 | 3,126 | 2,413 | 4,595 | 3,700 |
| Norfolk Southern | 1,520 | 2,079 | 1,528 | 1,885 | 1,042 |
| Piedmont Northern | 333 | 394 | 401 | 1,028 | 1,671 |
| Richmond, Fred. & Potomac | 474 | 355 | 307 | 9,912 | 6,424 |
| Seaboard Air Line | 10,373 | 8,803 | 7,361 | 8,173 | 6,320 |
| Southern System | 21,659 | 22,156 | 17,511 | 23,304 | 19,511 |
| Tennessee Central | 565 | 461 | 411 | 1,040 | 772 |
| Winston-Salem Southbound | 87 | 141 | 109 | 830 | 818 |
| Total | 108,595 | 102,146 | 82,802 | 110,985 | 88,838 |
| **Northwestern District—** | | | | | |
| Chicago & North Western | 19,801 | 19,712 | 16,043 | 12,902 | 13,04 |
| Chicago Great Western | 2,193 | 2,449 | 2,015 | 3,147 | 3,283 |
| Chicago, Milw., St. P. & Pac. | 16,446 | 19,750 | 15,469 | 9,780 | 9,49 |
| Chicago, St. Paul, Minn. & Omaha | 3,263 | 3,543 | 3,086 | 4,282 | 4,36 |
| Duluth, Missabe & Iron Range | 29,907 | 24,240 | 21,187 | 505 | 407 |
| Duluth, South Shore & Atlantic | 835 | 903 | 1,204 | 450 | 528 |
| Elgin, Joliet & Eastern | 9,132 | 9,653 | 7,906 | 10,738 | 10,376 |
| Ft. Dodge, Des Moines & South | 434 | 439 | 438 | 101 | 11 |
| Great Northern | 22,525 | 22,419 | 18,303 | 4,627 | 4,377 |
| Green Bay & Western | 430 | 555 | 425 | 800 | 77 |
| Lake Superior & Ishpeming | 1,630 | 2,117 | 4,301 | 43 | 7 |
| Minneapolis & St. Louis | 1,653 | 1,733 | 1,504 | 2,144 | 2,24 |
| Minn., St. Paul & S. S. M. | 6,385 | 7,028 | 6,077 | 2,772 | 3,19 |
| Northern Pacific | 8,658 | 10,191 | 7,662 | 4,478 | 4,853 |
| Spokane International | 144 | 275 | 208 | 554 | 451 |
| Spokane, Portland & Seattle | 2,003 | 1,987 | 1,185 | 2,837 | 2,07 |
| Total | 125,439 | 126,994 | 107,013 | 60,160 | 59,65 |
| **Central Western District—** | | | | | |
| Atch., Top. & Santa Fe System | 25,749 | 26,054 | 23,666 | 10,266 | 7,85 |
| Alton | 2,881 | 3,217 | 2,650 | 4,500 | 3,02 |
| Bingham & Garfield | 712 | 557 | 477 | 109 | 8 |
| Chicago, Burlington & Quincy | 13,925 | 15,803 | 13,179 | 9,820 | 9,76 |
| Chicago & Illinois Midland | 2,552 | 2,566 | 1,705 | 848 | 95 |
| Chicago, Rock Island & Pacific | 11,459 | 13,032 | 12,434 | 10,723 | 11,074 |
| Chicago & Eastern Illinois | 2,144 | 2,450 | 2,075 | 3,970 | 2,96 |
| Colorado & Southern | 687 | 573 | 508 | 1,790 | 1,53 |
| Denver & Rio Grande Western | 2,598 | 1,960 | 1,657 | 5,483 | 3,67 |
| Denver & Salt Lake | 435 | 387 | 186 | 15 | 3 |
| Fort Worth & Denver City | 1,499 | 1,112 | 1,423 | 1,232 | 89 |
| Illinois Terminal | 1,660 | 1,916 | 1,472 | 2,041 | 1,91 |
| Missouri-Illinois | 1,086 | 1,065 | 837 | 445 | 55 |
| Nevada Northern | 2,006 | 1,729 | 1,543 | 101 | 11 |
| North Western Pacific | 968 | 653 | 632 | 508 | 42 |
| Peoria & Pekin Union | 8 | 14 | 8 | 0 | [illegible] |
| Southern Pacific (Pacific) | 28,825 | 25,292 | 19,422 | 9,828 | 6,83 |
| Toledo, Peoria & Western | 275 | 232 | 197 | 1,555 | 1,56 |
| Union Pacific System | 12,866 | 14,049 | 13,344 | 13,261 | 10,33 |
| Utah | 458 | 187 | 169 | 45 | [illegible] |
| Western Pacific | 1,619 | 1,508 | 1,399 | 2,635 | 2,54 |
| Total | 114,412 | 114,456 | 98,983 | 79,175 | 66,14 |
| **Southwestern District—** | | | | | |
| Burlington-Rock Island | 229 | 143 | 126 | 232 | 18 |
| Gulf Coast Lines | 4,154 | 2,374 | 2,028 | 1,839 | 1,80 |
| International-Great Northern | 2,350 | 2,097 | 1,464 | 1,852 | 2,22 |
| Kansas, Oklahoma & Gulf | *343 | 248 | 194 | *1,270 | 87 |
| Kansas City Southern | 4,661 | 2,465 | 1,542 | 2,956 | 2,22 |
| Louisiana & Arkansas | 4,273 | 1,901 | 1,465 | 2,484 | 1,95 |
| Litchfield & Madison | 231 | 329 | 302 | 1,223 | 1,13 |
| Midland Valley | *680 | 432 | 435 | *153 | 25 |
| Missouri & Arkansas | 124 | 164 | 120 | 360 | 409 |
| Missouri-Kansas-Texas Lines | 4,340 | 4,267 | 4,363 | 3,704 | 3,84 |
| Missouri Pacific | 14,596 | 16,538 | 14,692 | 16,397 | 11,17 |
| Quanah Acme & Pacific | 124 | 165 | 108 | 240 | 11 |
| St. Louis-San Francisco | 8,321 | 7,849 | 7,023 | 7,806 | 5,525 |
| St. Louis Southwestern | 2,752 | 2,321 | 1,773 | 6,956 | 3,37 |
| Texas & New Orleans | 10,412 | 6,541 | 4,986 | 4,965 | 4,05 |
| Texas & Pacific | 4,365 | 3,508 | 3,242 | 6,441 | 4,925 |
| Wichita Falls & Southern | 143 | 129 | 109 | 35 | 11 |
| Weatherford M. W. & N. W. | 29 | 11 | 22 | 21 | 4 |
| Total | 62,127 | 51,482 | 43,994 | 58,934 | 44,245 |

*Previous week's figure.
**Note**—Previous year's figures revised.

# June Department Store Sales

The Board of Governors of the Federal Reserve System announced on July 9 that the value of sales at department stores declined somewhat further in June and the Board's seasonally adjusted index was at 106% of the 1923-25 average, as compared with 108 in May and with 117 in April.

INDEX OF DEPARTMENT STORE SALES† (1923-25 AVERAGE=100)

| | June, 1942 | May, 1942 | Apr., 1942 | June, 1941 |
|---|---|---|---|---|
| Adjusted for seasonal variation | 106 | 108 | 117 | 104 |
| Without seasonal adjustment | 101 | 108 | 115 | 100 |

Change from corresponding period a year ago (per cent)

| Federal Reserve District— | One week ending | | | | Four weeks ending | | | | Year to |
|---|---|---|---|---|---|---|---|---|---|
| | July 4 | June 27 | June 20 | June 13 | July 4 | June 27 | May 30 | Apr. 25 | July 4 |
| Boston | + 8 | — 8 | + 19 | — 5 | + 2 | + 2 | + 2 | + 9 | + 15 |
| New York | + 3 | r— 8 | 0 | —14 | — 6 | — 7 | 0 | + 4 | + 10 |
| Philadelphia | + 16 | r—12 | + 8 | + 2 | + 2 | + 2 | + 3 | + 4 | + 17 |
| Cleveland | —12 | —14 | + 7 | — 2 | — 5 | 0 | — 2 | + 10 | + 15 |
| Richmond | + 20 | — 1 | + 23 | + 13 | + 13 | + 13 | + 9 | + 15 | + 24 |
| Atlanta | — 1 | — 2 | + 16 | — 9 | + 1 | + 3 | — 3 | + 8 | + 9 |
| Chicago | — 8 | r—10 | + 4 | 0 | — 3 | r0 | — 3 | + 11 | + 12 |
| St. Louis | — 4 | — 8 | + 14 | — 1 | 0 | + 5 | — 2 | + 6 | + 14 |
| Minneapolis | * | * | * | * | — 8 | — 5 | — 8 | + 4 | + 7 |
| Kansas City | — 1 | — 8 | + 11 | + 11 | + 3 | + 8 | — 3 | + 13 | + 13 |
| Dallas | — 4 | — 6 | + 12 | —10 | — 2 | 0 | — 8 | + 6 | + 7 |
| San Francisco | 0 | r0 | + 21 | + 2 | + 6 | r + 9 | + 4 | + 16 | + 17 |
| U. S. total | — 1 | — 8 | + 9 | — 3 | — 1 | + 1 | 0 | + 9 | + 14 |

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

| 1942— | | 1941— | |
|---|---|---|---|
| June 13 | 117 | June 14 | 120 |
| June 20 | 116 | June 21 | 107 |
| June 27 | 100 | June 28 | 109 |
| July 4 | 84 | July 5 | 86 |

r Revised. *Not shown separately but included in United States total. †Monthly indexes refer to daily average sales in calendar month; June, 1942 figures estimated from weekly sales.

# Britain, Russia Sign Financial Accord

Great Britain and the Soviet Union have signed an agreement providing for financing of British military supplies sent to Russia, the Moscow radio announced on June 30, according to Associated Press advices from Moscow. The dispatch further said:

"The agreement was signed June 27 in Moscow by the British Ambassador, Sir Archibald Clark Kerr, and A. I. Mikoyan, Soviet Foreign Trade Commissar.

"Under the agreement British military supplies will be delivered to the Soviet Union on a lease-lend basis.

"The pact was made retroactive to June 22, 1941, the day the Germans invaded Russia.

"The agreement does not concern the financing of British deliveries of raw materials and equipment of a general character, which was covered in a previous understanding signed Aug. 16, 1941.

"According to the terms of that agreement, the British granted a credit of $40,000,000 to the Soviet Government. When that amount neared exhaustion recently the British granted an additional credit of $100,000,000.

"Commenting on the signing of the various agreements, the radio said they created a 'wide financial basis for military and economic aid from Great Britain to the Soviet Union.'"

# Greater N. Y. Fund Passes $4 Million Mark

Business firms and employee groups in the five boroughs of Greater New York have contributed $4,000,000 to date to the current campaign of the Greater New York Fund, according to John W. Hanes, former Under-Secretary of the Treasury and General Chairman of the current drive for $5,000,000 to help support 400 voluntary welfare and health agencies, which still is in progress. Mr. Hanes made the announcement at a meeting of the Women's Council of the Fund, held in the Empire State Club. He told the business and professional women leaders present:

"I congratulate the city on being able to take it and give it. In spite of all the contributions of New Yorkers toward the war, they are keeping the Home Front strong. I hope that before another year we can get the people of New York City to join hands in not more than two campaigns—one for all war chests and the other for community needs."

Mr. Hanes disclosed that the $4,000,000 contributed to date is more than the amount of money collected in the similar period of any previous campaign, except that of 1941.

# $425 Million For Depts.

Congressional action on the $425,000,000 State Justice-Commerce Departments supply bill for the 1943 fiscal year was completed on June 30. The Senate on that date adopted a conference report which the House had accepted on June 29. When the House originally passed the bill on Feb. 18 the aggregate was about $220,000,000 but the Senate on May 21 raised the amount to $425,000,000, mainly through adding to the bill a $199,740,000 item for the development of landing areas by the Civil Aeronautics Administration. This increase and others was acceptable by the House. President Roosevelt signed the measure on July 2.

The bill provides $302,000,000 for the Commerce Department, $27,000,000 for the State Department, $84,000,000 for the Justice Department and $12,000,000 for the Federal Judiciary.

# Items About Banks, Trust Companies

The Bankers Trust Co., New York, reports in its June 30 statement total assets of $1,336,854,525 and total deposits of $1,218,162,690, compared with $1,336,104,500 and $1,207,182,000 on April 4, 1942, the previous call date. Holdings of U. S. Government securities amount to $529,591,777, against $539,005,500; cash and due from banks, $392,614,699, compared with $352,338,000, and loans and bills discounted to $315,927,282, against $334,714,900. Capital and surplus are unchanged at $25,000,000 and $50,000,000, while undivided profits are now reported at $37,612,292, compared with $36,998,000 on April 4.

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John F. Flaacke, Assistant Secretary of Chemical Bank & Trust Company, of New York, on July 12, began his 72nd year of continous service with the bank. In point of service, he is the dean of New York bankers and as far as is known, for length of continuous service with one institution, he holds the record for the entire country. Mr. Flaacke was born in New York City on Aug. 22, 1855. He entered the bank's employ on July 12, 1871, during the Presidency of John Quentin Jones, and has served under seven of the ten Presidents which the bank has had in its 118 years of existence. Mr. Flaacke was one of the organizers of the Bank Clerks' Building & Loan Company in 1890 and was also active in organizing the New York Chapter of the American Institute of Banking, of which he was the first Treasurer. He is a member of the Blizzard Men's Club and the Society of Old Brooklynites.

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The Central Hanover Bank & Trust Co., New York, in its statement of condition as of June 30, 1942, shows total resources of $1,337,117,489 and total deposits of $1,231,547,590, compared with $1,413,951,309 and $1,308,112,234 on March 31. Cash and due from banks in the current statement are given as $361,252,663, against $425,452,263; U. S. Government securities to $660,455,500, compared with $636,166,332, and loans and bills purchased to $220,128,756, against $223,946,492. The bank reports that capital and surplus are unchanged at $21,000,000 and $60,000,000 and that undivided profits are now $17,802,359, compared with $17,645,898.

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In its June 30 statement of condition, the Savings Banks Trust Company, which is wholly owned by the savings banks in New York State, reports capital funds of $39,054,718, compared with $38,888,852 at the end of 1941. Aggregate deposits of $159,462,412 on June 30, compared with $192,099,591 at the year-end. United States Government deposits with the trust company were decreased to $26,730,000 during the half year, against $50,000,000 on Dec. 31. The trust company acts as depositary for mutual savings banks and their instrumentalities, such as the Savings Banks Association of the State of New York, the Savings Banks Life Insurance Fund, and Institutional Securities Corporation.

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The Bank of the Manhattan Company, New York City, reports that the deposits of the bank on June 30, 1942, increased to $730,987,080, compared with $719,544,585 on March 31, and that assets have increased to $804,318,276 from $799,784,815. Capital and surplus of the bank remain unchanged from three months ago at $20,000,000 each, while undivided profits have risen to $7,911,749 from $7,658,521. Loans and discounts are reported at $257,402,614, against $278,921,610; cash and due from banks and bankers at $256,866,523, compared with $272,378,470, and U. S. Government obligations to $226,974,488, agaianst $175,453,661.

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The Bank of New York reports as of June 30, 1942, total assets of $297,388,681 and total deposits of $271,747,858, compared with $309,670,723 and $283,983,281, respectively, on March 31. Cash items are listed at $94,943,001, against $106,578,319; United States Government securities amount to $125,912,054, compared with $117,995,165, and loans and discounts to $52,503,626, against $58,236,376. The bank's capital and surplus are unchanged from three months ago at $6,000,000 and $9,000,000, but undivided profits have increased to $5,605,519 from $5,538,969 on March 31.

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The United States Trust Co. of New York in its June 30 statement of condition reports total resources of $147,197,829 and total deposits of $114,332,503, compared with $164,484,301 and $131,371,606, respectively, on Dec. 31, 1941. The statement shows cash in banks of $49,597,339, against $67,112,066; United States Government obligations at $50,382,237, compared with $38,063,000; and loans and bills purchased at $23,499,274, against $32,787,914. Capital stock and surplus are unchanged from six months ago at $2,000,000 and $26,000,000, but undivided profits are reported at $2,873,230, compared with $2,902,986 on Dec. 31, 1941.

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Lincoln Johnson, Vice-President in charge of the Foreign Department of Manufacturers Trust Co., New York, is now serving as an advisor to the Metals Reserve Co., an affiliate of the Reconstruction Finance Corp. in Washington. To fill this post, Mr. Johnson has taken a leave of absence from the bank for several months. During his absence the Foreign Department will be under the supervision of Andrew L. Gomory, Vice-President.

Mr. Johnson, a mining engineer, began his banking career with the New York Trust Co., specializing in oil work, and subsequently he was engaged in reorganization, liquidation and other phases of industrial banking. He joined Manufacturers Trust Co. in 1931.

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The Kings County Trust Co., Brooklyn, N. Y., at the close of business on June 30 had total resources of $63,441,266 and deposits of $54,901,764, compared with $72,484,173 and $64,035,692 on April 4, the previous call date. Cash items are listed at $21,130,208, against $32,073,744; U. S. Government bonds at $20,750,319, compared with $16,218,914; and loans and discounts to $2,423,053, against $3,664,564. The trust company's capital and surplus remain unchanged at $500,000 and $6,500,000, but undivided profits have increased to $314,042, compared with $282,595.

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Lafayette National Bank of Brooklyn in New York reported as of June 30, 1942, total deposits of $14,060,034 and total assets of $15,388,988, compared with $13,412,437 and $14,734,548, respectively, on Dec. 31, 1941. Cash on hand and due from banks amounted to $4,222,089, against $4,527,896; holdings of Government securities to $5,878,989, against $4,523,793; and loans and discounts to $4,382,287, against $4,541,340. Capital stock is shown as $750,000; surplus, $250,000; undivided profits, $186,289, and reserves, $84,646.

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A. Ernest Thomas, supervising engineer of the Dime Savings Bank of Brooklyn, was awarded the Robert Grimshaw Medal, at a meeting of the Greater New York Association of the National Association of Power Engineers of America, on Friday evening, July 10, at the German Masonic Temple, 220 East 15th Street, New York City. This medal is presented in recognition of outstanding services rendered during the year to the profession of engineering. Joseph F. Carney, supervising engineer of the Waldorf-Astoria Hotel, and past national President, recipient of the medal two years ago, made the presentation to Mr. Thomas. For the past ten years this medal has been awarded as a gift of the late Robert Grimshaw, an organizer and first President of the N. A. P. E., and one of the founders of the American Society for Mechanical Engineers. He was also the first editor of Power Magazine. Mr. Thomas has been the supervising engineer of the Dime Savings Bank of Brooklyn for the past ten years. On June 12, 1942, at a State Convention in Syracuse, he was elected President of the New York State Association of the National Association of Power Engineers, whose membership is more than 2,500.

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In its statement as of June 30 the Pennsylvania Company for Insurances on Lives and Granting Annuities reports total resources of $344,864,726 and deposits of $314,302,350, compared with $341,087,239 and $310,224,183, respectively, on Dec. 31, 1941. Cash and due from banks is listed at $135,484,460, against $140,676,088; United States Government securities amount to $69,501,063, compared with $48,781,618; and commercial and collateral loans to $103,196,874, against $114,536,839. Capital stock and surplus remain unchanged at $10,000,000 and $14,700,000, while undivided profits are reported at $1,794,972, compared with $1,671,397 six months ago.

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The Fidelity-Philadelphia Trust Co., Philadelphia, reports as of June 30 total resources of $154,954,490 and deposits of $134,394,660, compared with $167,990,000 and $147,831,129, respectively on Dec. 31, 1941. Cash on hand and due from banks is reported at $34,182,713, against $38,177,626; loans are given as $37,815,543, compared with $38,235,965; and U. S. Government securities at $30,774,367, against $30,990,940. The trust company's capital and surplus are unchanged from six months ago at $6,700,000 and $11,000,000, but undivided profits are now reported at $1,680,622, as against $1,496,338.

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In its semi-annual report to shareholders, First Federal Savings & Loan Association of South Philadelphia reports total assets as of June 30, 1942, amounting to $5,237,110, the highest since establishment of the association more than eight years ago. This compares with $5,041,800 at Dec. 31, 1942, or an increase of $185,310 in the first six months of 1942.

David Shapiro, Assistant Secretary of the Association, in his report, announced the purchase of an additional $50,000 in War Bonds by the association to bring the total now held to $100,000. Shapiro indicated that it is the intention of the Board of Directors to continue to purchase additional War Bonds.

A total of $37,449 was added to reserves during the first six months of 1942, making a total of $283,821 at June 30, 1942. First mortgage loans at June 30, 1942 amounted to $4,658,276, an increase of $61,958, and cash amounted to $362,598, an increase of $87,628.

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M. J. Fleming, President of Federal Reserve Bank of Cleveland, announces that the Commercial and Savings Bank of Millersburg, Ohio, has been admitted to membership in the Federal Reserve System. This is the eighth State bank to be admitted to membership so far this year.

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The Illinois National Bank of Quincy, Ill., this month celebrates the 33rd anniversary of its founding. In its June 30, 1942, statement of condition, the bank reports total resources of $5,617,418 and deposits of $5,111,155. Holdings of Government bonds amounted to $1,690,838 and loans and discounts to $1,421,721. The bank's capital stock is $250,000, while its surplus and profits are given as $253,244.

The officers of the bank are: Lynn Fuller, President; F. N. Casburn, Vice-President; H. T. Fuller, Vice-President and Cashier; H. J. Butzkueben, Assistant Cashier, and Ralph N. Volm, Assistant Cashier.

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The Old Capital Bank and Trust Co., Corydon, Ind., and the Tipton Farmers Bank, Tipton, Mo., recently became members of the Federal Reserve Bank of St. Louis. They are the fifth and sixth State banks in the St. Louis District to join the System since the first of the year and bring to membership so far this year.

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Irving Manning has been appointed an Assistant Vice President of the Anglo California National Bank, San Francsco, it is announced by W. H. Thomson, President. Mr. Manning became connected with the Anglo Bank in 1934 and since that time has been a member of the bond department staff. He will devote his major attention to the bank's investment portfolio.

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Total resources of Barclays Bank Limited, London, as at June 30, 1942 were £683,839,844, an increase of £74,000,000 over the figure of a year ago, according to a cable received at the office of the New York representatives of the bank. Deposits totaled £643,839,360 at the end of the first six months of 1942 indicating an increase of £75,000,000 compared with June 30, 1941. Cash items were as follows: Cash on hand and with the Bank of England, £68,845,590; balances with other British Banks and cheques in course of collection, £25,562,141. Money at call and short notice was substantially unchanged at £23,164,350 while bills discounted have increased by £30,000,000 to £67,611,891 and holdings of British Treasury deposit receipts by £15,000,000 to £115,000,000. Investments of the Bank have also increased by £34,000,000 to £185,358,331 of which sum £180,119,228 represents securities of or guaranteed by the British Government. Loans have decreased £14,000,000 and are reported at £171,254,882.

For the first half of 1942, the Bank has declared interim dividends at the rate of 10% per annum on the "A" stock and 14% per annum on the "B" and "C" stock, which rates are identical with those declared for many years past.

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# Text of Measure Amending Federal Reserve Act Affecting Reserve Requirements

As was indicated in our July 9 issue (page 112), Congress has enacted, and President Roosevelt signed on July 7, the bill authorizing the Board of Governers of the Federal Reserve System to change the reserve requirements of member banks in central reserve cities within the limits of the present law, without necessarily making a change in such requirements of member banks in reserve cities.

We are making room below for the text of the newly enacted measure, which among its other provisions provides for the regrouping of the Federal Reserve Banks, giving the New York Reserve Bank permanent membership on the Federal Open Market Committee; Boston, formerly grouped with New York in an election district, was transferred to and grouped with the Philadelphia and Richmond banks. The bill was passed by the Senate on June 26 and by the House on July 2. An explanation of its sections by Senator Brown was given in our July 9 issue. The following is the text of the new legislation as enacted into law, which amends Sections 12A and 19 of the Federal Reserve Act.

(S. 2565)

(Copy from Congressional Record June 26, page 5777)

*Be it enacted, etc.*, That subsection (a) of section 12A of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 263), is amended by striking out the second and third sentences thereof and substituting the following: "Such representatives shall be presidents or first vice presidents of Federal Reserve banks and, beginning with the election for the term commencing March 1, 1943, shall be elected annually as follows: One by the board of directors of the Federal Reserve Bank of New York, one by the boards of directors of the Federal Reserve Banks of Boston, Philadelphia and Richmond, one by the boards of directors of the Federal Reserve Banks of Cleveland and Chicago, one by the boards of directors of the Federal Reserve Banks of Atlanta, Dallas, and St. Louis, and one by the boards of directors of the Federal Reserve Banks of Minneapolis, Kansas City, and San Francisco. In such elections each board of directors shall have one vote; and of the details of such elections may be governed by regulations prescribed by the committee, which may be amended from time to time. An alternate to serve in the absence of each such representative shall likewise be a president or first vice-president of a Federal Reserve bank and shall be elected annually in the same manner."

Sec. 2. The sixth paragraph of section 19 of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 462b), is amended to read as follows:

"Notwithstanding the other provisions of this section, the Board of Governors of the Federal Reserve System, upon the affirmative vote of not less than four of its members, in order to prevent injurious credit expansion or contraction, may by regulation change the requirements as to reserves to be maintained against demand or time deposits or both (1) by member banks in central reserve cities or (2) by member banks in reserve cities or (3) by member banks not in reserve or central reserve cities or (4) by all member banks; but the amount of the reserves required to be maintained by any such member bank as a result of any such change shall not be less than the amount of the reserves required by law to be maintained by such bank on the date of enactment of the Banking Act of 1935 nor more than twice such amount."

Sec. 3. The ninth paragraph of section 19 of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 464), is amended by striking out the proviso thereof, so that the paragraph will read as follows:

"The required balance carried by a member bank with a Federal Reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Board of Governors of the Federal Reserve System, be checked against and withdrawn by such member bank for the purposes of meeting existing liabilities."